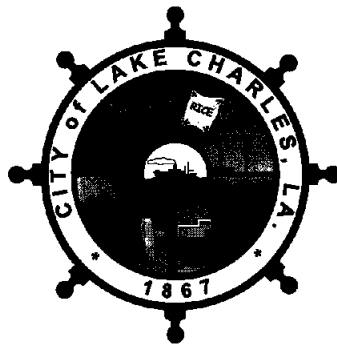


CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the
Fiscal Year Ended
September 30, 2013



Prepared by
Department of Finance

CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2013

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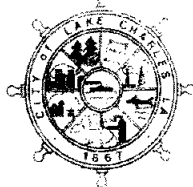
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CITY OF LAKE CHARLES

RANDY ROACH
MAYOR

326 Pujo Street P.O. Box 3706
Lake Charles, LA 70602-3706
337-491-1251 • FAX 337-491-1225

DEPARTMENT OF FINANCE
KAREN D. HARRELL, DIRECTOR

March 27, 2014

Honorable Randy Roach, Mayor
Members of the City Council

Dear Mayor and City Council Members:

In accordance with requirements of the City's Charter and applicable state law, I am pleased to submit the Comprehensive Annual Financial Report of the City of Lake Charles for the fiscal year ended September 30, 2013. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board (GASB) requires certain government-wide statements as well as the fund financial statements. The purposes and contents of these financial statements are further explained in Management's Discussion and Analysis (MD&A) which follows the independent auditor's report and should be read in conjunction with this letter of transmittal for a more complete understanding of the City's financial condition and activity.

City Profile

The City of Lake Charles was incorporated in 1867 and is the principal city and trade center of Southwest Louisiana, which is comprised of a five parish area with a population of 292,619 per the 2010 Census, which represents a 5 percent growth from 2000. The census count for the City of Lake Charles was a population of 71,993 within the corporate limits of the City which includes 43 square miles. This number represents 0.3 percent growth from the 2000 census. Lake Charles, which is in Calcasieu Parish, is located on Interstate 10, approximately two hours east of Houston, Texas and west of Baton Rouge, Louisiana.

The City operates under a mayor-council form of government pursuant to a 1961 home rule charter, and provides a full range of traditional municipal services such as public safety, construction and maintenance of municipal infrastructure including water and wastewater, parks and recreation, planning and zoning, trash collection and solid waste disposal and public transportation. The City also has specialized facilities such as a municipal golf course, a civic center coliseum and theater complex, and two art centers. All of these activities are integral parts of the city government and are included in this report. Certain components of the judicial function are legally separate entities which are discretely presented in these statements as "component units."

The City adopts an annual operating budget and a project-based capital budget in accordance with procedures established by its charter and by state statute. Although the budget document is comprehensive, covering all funds under the City's control, legal control of expenditures is exercised primarily at the department level for the General

TRANSMITTAL LETTER

Fund and for each Special Revenue Fund pursuant to charter and statutory requirements. Budget-to-actual comparisons for major funds of these types are included in this report.

The City also maintains an internal control framework designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing financial statements. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. An evaluation of internal controls and legal compliance is required by federal law in connection with the independent audit, and the auditor's reports thereon are included in a separately issued "single audit" report.

Economic Environment

Lake Charles is a deep water port with a 30-mile ship channel to the Gulf of Mexico, and has developed an economic base dominated by petrochemical manufacturing and refining since the 1940's. Southwest Louisiana has diversified its economy as is evident when you consider the following major economic drivers. There are 24 major industries in the area that employ 6,200 full time employees and 4,000 regularly employed contractors. The Port of Lake Charles is ranked as the 11th busiest port in the Nation. Chennault Industrial Airpark and the Lake Charles Regional Airport support a growing aviation industry. Lake Charles is home to McNeese State University and Sowela Technical Community College. Riverboat Gaming was introduced in 1993 and has provided funding for major capital improvements since that time. Retail businesses within the City provide goods and services to a five parish regional area. Annual art events and over 75 annual festivals provide entertainment to both locals and visitors.

The SWLA Economic Development Alliance recently summarized the areas economic growth, which is of unprecedented proportions. More than \$65 billion in new industry have been announced and include the following:

- SASOL Ltd. announced on December 3, 2012, that it will build a gas-to-liquid, or GTL, and ethane cracker complex at its Westlake facility estimated between \$16 and \$21 billion. It is expected to generate an estimated 1,200 permanent jobs, 7,000 construction jobs and thousands of indirect jobs in Louisiana and throughout the country. Sasol is currently in the front-end engineering and design phase for both complexes. The operations of the ethane cracker may begin in 2017.

This project was named Foreign Direct Investment Deal of the Year at the 2013 World Forum for Foreign Direct Investment in Shanghai, China.

A \$70 million housing facility is being built on port property to meet the area's projected workforce demands. The temporary housing village, which should be completed in mid-2015, will provide daily meals and transportation to as many as 4,000 construction workers.

- Energy Transfer Equity, L.P., formerly Trunkline LNG, announced in August 2013 a \$9 billion natural gas liquefaction project for Lake Charles. It is estimated to have 3,000 construction jobs and 100 permanent jobs while retaining 77 jobs. The project is anticipated to be in service in 2018.
- Cheniere Energy in Cameron Parish began working on its Sabine Pass Liquefaction Project, a natural gas export facility, and has recently expanded the estimated cost to \$18 billion. It is expected to generate 3,000 construction jobs and 580 new jobs. The first two trains (aka - LNG productions units) are expected to be completed by 2016 and all 6 liquefaction trains completed in 2019.
- Sempra Energy, a subsidiary Cameron LNG, is planning to build a natural gas liquefaction and export facility at the company's Cameron LNG terminal in Hackberry. The investment could exceed \$6 billion, and create 3,000 construction jobs and 130 full time jobs. Construction is expected to start in 2014, and anticipate all three liquefaction trains will be completed by 2018.
- Lake Charles Clean Energy LLC, a subsidiary of Leucadia Corporation, plans to invest \$2.5 billion to build a gasification plant on Port of Lake Charles property. The project is expected to create 165 permanent jobs

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and nearly 1,500 construction jobs. More than \$50 million has been spent on site preparation. Construction is estimated to take three to four years.

- Magnolia LNG plans to build a \$2.2 billion mid-scale LNG export facility located on the Industrial Canal. It is estimated that the project will create 65 direct and 125 indirect operations jobs and 560 construction jobs. Construction is expected to begin in 2015 with initial start-up of operations in 2018.
- G2X Energy plans to build a \$1.3 billion natural gas-to-gasoline facility on land owned by the Port of Lake Charles on the Industrial Canal. The project is expected to create 243 new direct jobs, resulting in an estimated 748 new indirect jobs. Estimated completion date is mid-2017.
- Sowela Technical Community College will have a \$20 million investment from the State of Louisiana to build a training facility that will serve the workforce needs during the construction and operations of the new Sasol plants and other facilities throughout the region. Ground breaking is planned for May 2014.

Tourism is Southwest Louisiana's second largest economic driver, estimated to bring in \$339 million annually. The projects related to growth in this industry are outlined below.

- Golden Nugget and Pinnacle Entertainment, Inc. entered into an agreement in July 2013 for Golden Nugget to acquire all of the equity interests in the Ameristar Casino. This transfer was approved by the Louisiana Gaming Control Board in November 2013. The new \$600 million casino complex on Port property adjacent to the L'Auberge Casino is currently under construction and plans to be open for business by the end of 2014 with 750 hotel rooms, an 18-hole golf course and a 18,000-square foot ballroom.
- Louisiana Department of Transportation is constructing an \$80 million interstate improvement project at Cove Lane to improve traffic congestion that is anticipated with the opening of the additional casino. The City of Lake Charles, Port of Lake Charles and Calcasieu Parish Police Jury will contribute \$20 million from future gaming revenues to pay for a portion of this project.

The area is also experiencing growth and activity in other industries such as aviation with a recent agreement between the Chennault International Airport and AAR, an aircraft maintenance, repair and overhaul facility.

Lake Charles is experiencing growth of the mixed-use community concept.

- Walnut Grove near the Port of Lake Charles and downtown area is being built as a Traditional Neighborhood Development. The community will have 180 residential properties of various types and 92,000 square feet of commercial space. The town square will feature the Lawton Building for businesses; the development will include a grocery market, restaurant, bank and post office. The ribbon cutting ceremony for the first completed residential construction was held in November 2013. It is estimated that the entire project will take seven years to complete.
- Lakes at Morganfield is a 277 acre development off of La. Highway 14 and the newly completed McNeese Street extension. This multi-use development will have 1,000 residential units including single and multifamily developments of various price ranges built over a five to eight year period. 500,000 square foot of commercial space will be provided along with recreational facilities.
- Graywood, an existing planned community in Lake Charles, is currently expanding their five neighborhoods with permits to build 15 new homes. The Willow Brook neighborhood, near Graywood will house 138 new single family homes.

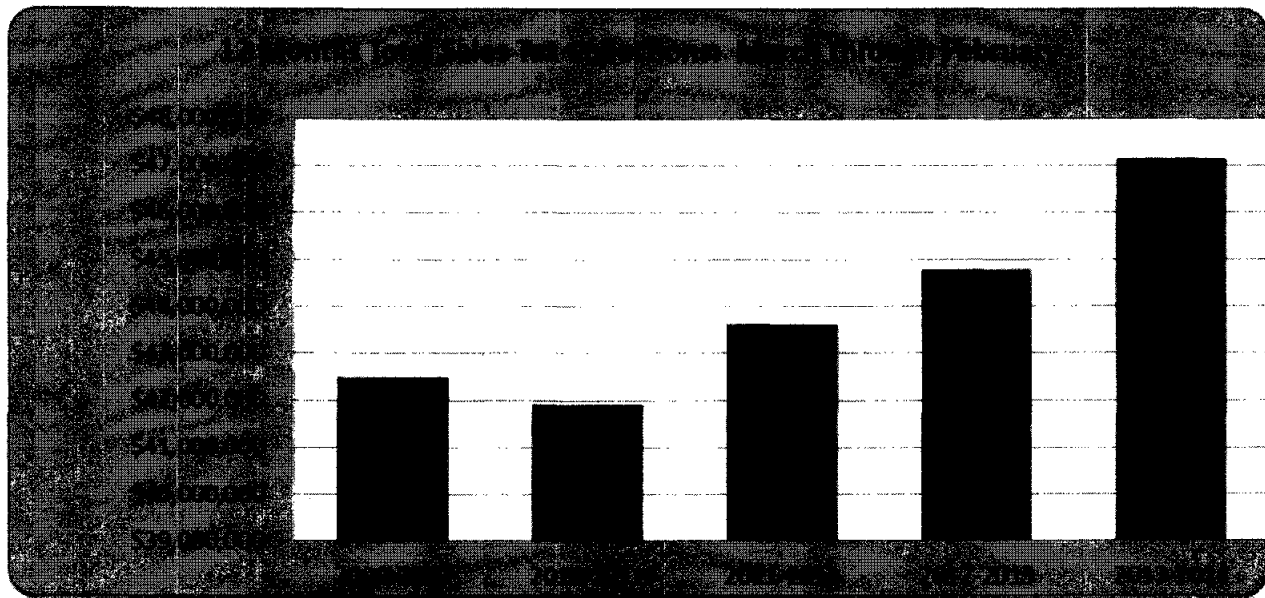
The Southwest Louisiana Task Force for Growth and Opportunity or GO Group was established to deal with the issues that may arise with the planned industrial projects discussed above. The subcommittees will address areas such as workforce development, education, transportation, housing, utilities, health, public safety, small business, environmental and community relations. Area officials are taking a very proactive approach to ensure that the area is ready to support all aspects of the new development, while continuing to maintain our solid sense of community.

TRANSMITTAL LETTER

The City and surrounding area are optimistic about the growth in our area while realizing that along with the growth come the need for expanded City services.

Current and Future Financial Plans

Sales tax, the City's largest revenue source, increased by 3.5 percent in fiscal year 2013 and by 5 percent in fiscal year 2012. The City levies 2.25 percent total tax, with 1.73 percent going into the General Fund. The other .52 percent is dedicated for wastewater, recreation and capital projects and are accounted for in those funds. The graph below captures the total sales tax revenue collected for March through February for each of the last five years. The trend for the past six months indicates a nearly 6 percent increase over the same period last year.



The City's primary operating account, the General Fund, ended fiscal year 2013 with a surplus of \$538,582 which was better than the projected deficit of \$680 thousand. This was due to revenues exceeding projections and a reduction of expenditures from projections. Employment levels remain the same in the fiscal years 2012 and 2013 budgets after thirty-five full time positions were eliminated in the fiscal year 2011 budget. Retirement contributions for all employees continue to be the City's most challenging, fastest growing and uncontrollable expenditure, with recent announcements of additional increases that will take effect on July 1, 2014.

The General Fund had an ending fund balance of \$25,895,546 at September 30, 2013, which represents 43.6 percent of operating expenditures and operating transfers. The adopted General Fund Operating Budget for fiscal year 2014 projects a \$2,363,360 deficit. Should such a use of fund balance reserves be realized, total reserves would remain strong at \$23.5 million, which would equal 37 percent of operating expenditures and transfers. Although the City has strong cash reserves, the administration continues to monitor all activities and looks to future budget years that will provide adequate funding to cover all expenditures.

The City has issued \$75 million in bonds for Phase 1 and 2 of the \$90 million capital improvement plan that was approved by Lake Charles voters. To date the City has spent \$72 million of the bond proceeds including the \$7.5 million which was spent in fiscal 2013. Enterprise Boulevard extension, Ryan Street Streetscape and Phase 2 Millennium Park made up the majority of this year's spending.

Accumulated Capital Project Fund balances and revenues not needed to repay the bonded debt will be used to provide for previously authorized and future city projects that were not included in the bond proposition. Below are highlights of current capital improvement projects:

TRANSMITTAL LETTER

Recently completed projects:

- Enterprise Boulevard extension - \$13.2 million bond funds
- Ryan Street Streetscape downtown development project - \$7.7 million bond funds
- Millennium Park Phase 2 - \$2.6 million bond funds
- Gill Street extension - \$2.7 million bond funds and state funds
- City Court building - \$5.3 million funded by City, City Court, City Marshal contributions combined with a \$3 million loan

Currently in design phase or under construction:

- Various road, asphalt overlay, sidewalk and drainage projects under design, recently bid or under construction - \$3.4 million
- Sale Road reconstruction and bridge replacement - \$6.4 million under construction, 80/20% DOTD and City funds
- Highway 385 multi-use trail - \$1 million pedestrian and bike trail in the downtown area is under design, DOTD and City funds
- Civic Center Rosa Hart Phase 2 - \$3.5 million primarily CDBG Disaster Recovery Funds – currently under construction
- Infrastructure development Nelson and Prien Lake Road area - \$7 million city funds allocated, initial phase substantially complete, additional phase under review
- Wastewater system improvements - \$21 million DEQ loan – Plant A improvements complete, plant BC modifications and trunkline extension under review
- Ladder truck acquisition - \$1 million city funds on order from manufacturer
- Transit wash rack - \$700,000 FTA funds currently in the bidding stage
- Morganfield Development utility extension - \$900,000 city funds in the design stage
- Generator Program - \$1.9 million CDBG Disaster Recovery Unit funds currently under construction

Long-term financial planning:

The fund balance in the General Fund is \$25.9 million which represents 43.6 percent of the 2014 budgeted expenditures and non-capital transfers. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

Annually the City completes a five year capital improvement plan. This serves as the basis for budgeting and planning the future of the City's capital assets.

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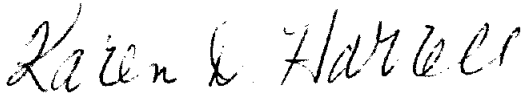
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Lake Charles for its comprehensive annual financial report for the fiscal year ended September 30, 2012. The City also received this award for its reports of the preceding twenty-eight years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current report continues to meet Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire Finance Department staff. We also wish to acknowledge the continued interest and support of the City's elected officials in maintaining an effective financial management and reporting program.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karen D. Harrell".

Karen D. Harrell
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

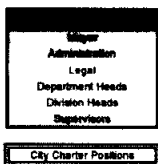
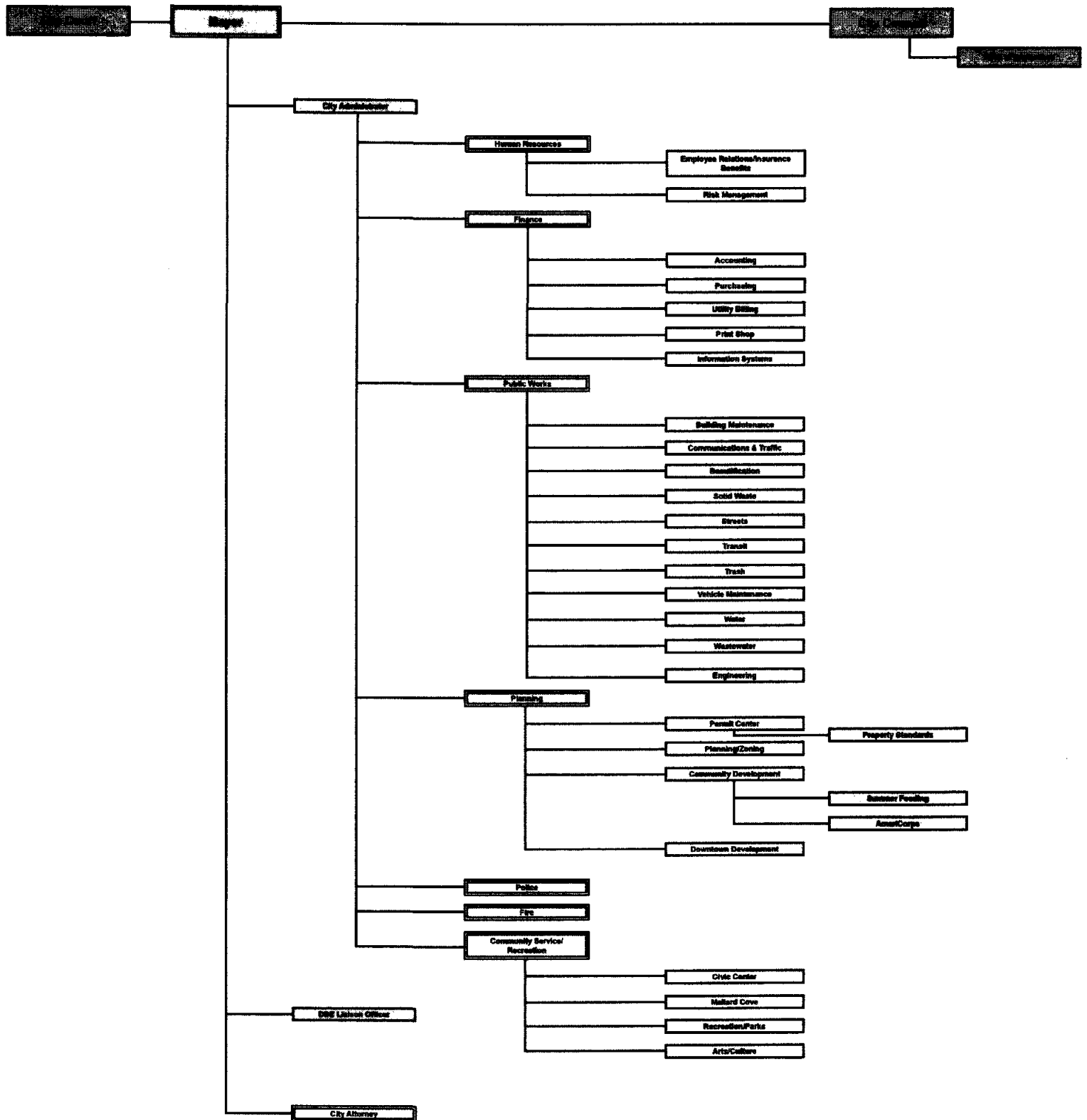
**City of Lake Charles
Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Lake Charles Organization Chart



CITY OF LAKE CHARLES

ELECTED CITY OFFICIALS

	<u>PRESENT TERM BEGINS</u>	<u>PRESENT TERM EXPIRES</u>	<u>BEGAN AS MEMBER</u>
<u>MAYOR</u>			
Randy Roach	July 1, 2013	June 30, 2017	May 2000
<u>CITY COUNCIL</u>			
Luvertha August, President	July 1, 2013	June 30, 2017	January 2008
Stuart Weatherford, Vice Pres.	July 1, 2013	June 30, 2017	July 2005
Rodney Geyen	July 1, 2013	June 30, 2017	July 1997
Mark Eckard	July 1, 2013	June 30, 2017	July 2009
Dana Carl Jackson	July 1, 2013	June 30, 2017	July 2005
Mary Morris	July 1, 2013	June 30, 2017	July 2013
John Ieyoub	July 1, 2013	June 30, 2017	July 2009
<u>CITY JUDGES</u>			
Thomas P. Quirk	January 1, 2009	December 31, 2014	January 1, 1979
John S. Hood	January 1, 2009	December 31, 2014	January 1, 1985
<u>WARD 3 MARSHAL</u>			
Joseph Alcede III	January 1, 2009	December 31, 2014	November 16, 2004

CITY OF LAKE CHARLES

DEPARTMENT HEADS

EMPLOYEE	DEPARTMENT
JOHN CARDONE	MAYOR'S OFFICE
BILLY LOFTIN, JR.	LEGAL
KAREN HARRELL	FINANCE
WENDY GOODWIN	HUMAN RESOURCES
KEITH MURRAY	FIRE
DON DIXON	POLICE
MISTER EDWARDS	PUBLIC WORKS
PERCY BROWN	COMMUNITY SERVICES

05005.000 Audit 9/30/2013 1100 001 auditors report

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Randy Roach
and City Council
City of Lake Charles
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other postemployment benefits – schedule of funding progress, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Lake Charles, Louisiana's basic financial statements. The introductory section, combining nonmajor governmental fund statements, combining internal service fund statements, schedules of capital assets used in the operation of governmental funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining and individual nonmajor governmental fund statements, schedules of revenues, expenditures and changes in fund balance-budget and actual, combining internal service fund statements, and schedules of capital assets used in the operation of governmental funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor governmental fund statements, schedules of revenues, expenditures and changes in fund balance-budget and actual, combining internal service fund statements, and schedules of capital assets used in the operation of governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of the City of Lake Charles, Louisiana's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lake Charles, Louisiana's internal control over financial reporting and compliance.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
March 26, 2014

CITY OF LAKE CHARLES, LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis seeks to provide an overview of the financial activity and performance of the City of Lake Charles for the fiscal year ended September 30, 2013, and accompanies the basic financial statements beginning on page 29 of this report. The transmittal letter on pages 1 - 6 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

Financial Highlights

- The City's net position increased by \$16 million or 3.9 percent during the year to a total of \$425 million. Unrestricted financial assets comprise 24 percent of this total. A portion of the increase is related to the City's ongoing investment in capital assets, while at the same time, repaying the debt associated with various projects, therefore reducing the City's liabilities.
- Capital assets increased by \$9 million, net of depreciation, representing an increase of 2.5 percent from 2012. Increases of \$10 million in completed infrastructure projects include \$7.7 million for the Lake Street Reconstruction project which was funded by bond funds and \$1.5 million for sidewalk construction and repairs and various sewer system improvements. The above projects had been reported as construction in progress in the previous fiscal year. The increase in Improvements includes \$2.2 million for work completed at various recreation sites. The decrease in Land represents the sale of the former Sears retail store property, proceeds of which are reported in the Capital Project Fund.
- The City currently has \$57.2 million in construction in progress, of which \$26.6 million is for on-going road projects. The Enterprise Boulevard Extension Phase 1 project, which is included in the local road category of the bond issue at \$13.2 million, is completed as of this report date with \$3.3 million in bond funds spent in the current fiscal year. The Ryan Street Streetscape project (which has been completed since fiscal year end) was funded by downtown development bond funds at a cost of \$7.6 million. Gill Street extension has recently been completed with a total cost of \$2.7 million.
- Also included as construction in progress is \$17 million which has been spent on various bond issue sewer projects and wastewater plant renovations. These projects are funded by bond revenues as well as an EPA grant and a loan from the DEQ State Revolving Loan Fund. The new City Court building expenditures of \$4.8 are reported as construction in progress at year end. This building is now occupied with a total cost of \$5.2 million.
- Capital assets in the Business-Type Activity include the new Transit Facility which was completed at a cost of \$4.2 million, most of which was reported as construction in progress in fiscal year 2012. Completed improvements to the Civic Center are recorded at \$1.3 million. Various water projects under construction account for \$1.35 million of the total construction in progress.
- Total liabilities for the City were reduced to \$105 million compared to \$114 million in fiscal year 2012. The net reduction in long-term debt was \$6.2 million of which \$5.8 million was bonded debt. Claims payable in the Internal Service Funds of \$6.4 million were reduced by \$1.2 million compared to last fiscal year.
- Total revenue from both governmental and business-type activities was \$115 million, a decrease of less than 1 percent from the previous year total of \$116 million. Program revenues increased by 1 percent, most of which are attributable to rate increases for water and sewer services. Sales tax revenues increased by \$1 million or 2 percent in 2013 from the prior year. The sales tax collections of \$46.7 million account for 40.6 percent of total revenues. Prior year other general revenues included the donation of lakefront property of \$3.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The 2013 governmental fund expenditures of \$102.3 million are a decrease of 3 percent from the \$105.4 million spent in 2012. Capital project expenditures decreased by \$6.2 million as the City completes most of the infrastructure projects authorized for bond expenditures and other projects with various funding sources. Departmental expenditures increased by \$2.6 million or 4 percent. The largest increase is in the Police Department expenditures of \$18.3 million from \$17.1 million in 2012. Grant reimbursed expenses make up a portion of the increase in that department.
- Total governmental fund balances were decreased by \$5.2 million in 2013 to \$115 million. The Capital Project Fund balance was decreased by \$4 million as bond proceeds for Phase 2 of the Public Improvement Project and DEQ loan funds were spent down. The Riverboat Fund balance decreased by nearly \$1 million as planned during the budget process in order to spend previously collected revenues.
- The General Fund ended the year with a surplus of \$538,582, which compares to the \$42,101 surplus for the prior fiscal year. The City incurred an operating deficit in both fiscal years 2010 and 2011. The ending fund balance was \$25.9 million at September 30, 2013; \$25.4 million at the end of fiscal year 2012.

The Financial Statements

This report encompasses a series of financial statements consisting of the following components:

1. The government-wide financial statements are designed to provide an organization-wide overview similar in nature to the form of reporting used for private-sector businesses. The two components of this presentation are:
 - The Statement of Net Position is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net position." Changes in net position over time may provide an indication of either an improving or declining financial position.
 - The Statement of Activities is an organization-wide operating statement which accounts for changes in fund net position during the City's 2013 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

The government-wide statements presented on pages 30 - 31 of this report are a result of the financial reporting model established by Governmental Accounting Standards Board Statement No. 34. These statements also distinguish governmental activities, which are those city functions principally supported by taxes and intergovernmental revenues from business-type activities which are intended to recover a significant portion of their costs through user fees and charges. The City's governmental activities include such functions as public safety (fire and police) and public works (principally streets, sanitation and sewerage), while its business-type activities consist of a civic center, golf course, transit system, and water utility.

The government-wide statements also include two component units, City Court and the Ward Three Marshal, which are legally separate entities with financial dependency on the City as "primary government." They do not include other legally separate local entities which are financially and operationally independent of the City. This discussion and analysis pertains only to the City as primary government.

2. Fund financial statements report financial data for individual funds into which the City's accounts are organized to maintain compliance with finance-related legal and contractual requirements. This report includes two categories of funds, governmental and proprietary. (The City has no fiduciary funds.)

The governmental fund financial statements generally cover the same functions as the governmental activities in the government-wide statements but differ in their focus on near-term spendable resources rather than longer-term measurement of net position. A comparison of the fund and government-wide statements with respect to governmental functions is useful in gaining a longer-term perspective than that

MANAGEMENT'S DISCUSSION AND ANALYSIS

provided solely by the near-term focus of governmental fund statements, and reconciliation is provided in the governmental fund statements to support such comparison.

The City maintains twelve individual governmental funds, five of which are classified as major and are separately displayed in the Required Supplemental Information section beginning on page 74 of this report. The remaining seven funds are aggregated into a single display on those statements but are individually presented in the combining statements referred to below.

The proprietary fund financial statements cover business-type activities in which external customers are charged for services, as well as internal service activities funded by charges to other city funds and operating units. The enterprise fund category in these statements corresponds to the business-type activities reported in the government-wide statements. The internal service category consists of two funds which account for risk financing and employee group medical benefits. All proprietary fund statements are reported on the accrual basis of accounting as used in the government-wide statements and in private-sector business.

3. Notes to the financial statements provide additional information and explanation necessary for full understanding of the government-wide and fund financial statements and are presented on pages 44 - 72 of this report.
4. Required Supplemental Information is included with information related to OPEB and budget to actual schedules for the major governmental funds.
5. Other information, consisting of the combining statements for the seven non-major governmental funds and two internal service funds, is presented immediately following the notes to the financial statements.
6. The statistical section contains primarily trend data and non-financial information about the City's various activities.

City-wide Financial Analysis

As shown on the government-wide financial statements, the City's net position at the end of 2013 was \$424,974,298, with 70 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 6 percent of the net position is externally restricted by law or contract, leaving 24 percent as unrestricted net position which is generally available for use at the City's discretion. Year-end assets, liabilities, and net position is summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

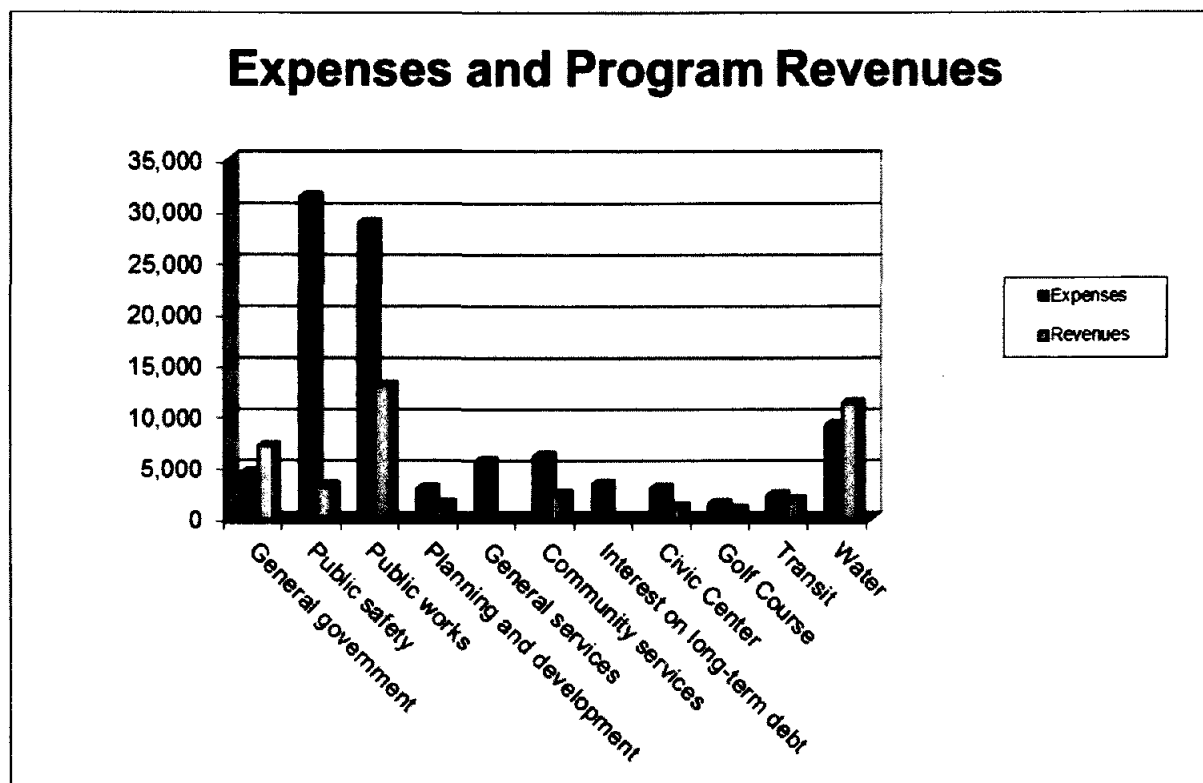
MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 138,176	\$ 143,398	\$ 14,363	\$ 10,716	\$ 152,539	\$ 154,114
Capital assets	309,325	299,883	68,562	68,959	377,887	368,842
Total assets	447,501	443,281	82,925	79,675	530,426	522,956
Long-term liabilities	86,118	93,142	803	749	86,921	93,891
Current and other liabilities	16,700	17,992	1,831	2,058	18,531	20,050
Total liabilities	102,818	111,134	2,634	2,807	105,452	113,941
Net position:						
Net investment in capital assets	230,614	225,587	68,562	68,959	299,176	297,260
Restricted	23,169	39,888	-	-	23,169	31,734
Unrestricted	90,900	66,672	11,729	7,909	102,629	80,021
Total net position	\$ 344,683	\$ 332,147	\$ 80,291	\$ 76,868	\$ 424,974	\$ 409,015

Net position increased by \$15,958,845 or 3.9 percent for the City as a whole during the 2013 fiscal year. The change in net position for governmental activities was a 3.8 percent increase, while business-type activities experienced a 4.5 percent increase. Most of the change is related to increases in investments in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart summarizes expenses and related program revenues for the various governmental and business-type functions displayed in the financial statements. The significance of this comparison is that the portion of each function's expenses not offset by program revenues is left to be covered by general revenues, namely taxes and other restricted sources.



On an overall basis, the City's total costs in 2013 were \$83.1 million for governmental activities and \$16.1 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$55.5 million for governmental activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$28.1 million in excess expenses over program revenues during 2013. Total expenses of \$99.2 million are a 0.5 percent decrease over 2012 expenses of \$99.7 million.

The City's total revenue for 2013 was \$115 million, a 0.8% decrease from 2012 revenues of \$116 million. Sales tax revenue for the Governmental Activities increased by \$1 million or 2 percent.

The Statement of Activities for 2013 categorizes the City's revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, or general revenues which include most taxes and other revenue sources of a government-wide nature.

Major components of program and general revenues, together with total expenses and the resulting change in net position, are summarized below for the 2013 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 18,374	\$ 17,320	\$ 13,355	\$ 12,579	\$ 31,729	\$ 29,899
Operating grants & contributions	5,237	5,038	1,516	1,423	6,753	6,461
Capital grants & contributions	3,949	2,991	541	3,185	4,490	6,176
General revenues:						
Property taxes	8,176	7,708	-	-	8,176	7,708
Sales taxes	46,718	45,660	-	-	46,718	45,660
Utility franchise taxes	5,421	4,874	-	-	5,421	4,874
Riverboat gaming taxes	9,692	9,713	-	-	9,692	9,713
Other general revenues	2,166	5,517	(12)	35	2,154	5,552
Total revenues	99,733	98,821	15,400	17,222	115,133	116,043
Expenses:						
General government	4,567	4,644	-	-	4,567	4,644
Public safety	31,413	30,667	-	-	31,413	30,667
Public works	28,841	29,048	-	-	28,841	29,048
Planning and development	2,992	2,982	-	-	2,992	2,982
General services	5,688	5,429	-	-	5,688	5,429
Community services	6,174	6,730	-	-	6,174	6,730
Interest in long-term debt	3,409	4,053	-	-	3,409	4,053
Civic Center	-	-	3,015	3,356	3,015	3,356
Golf Course	-	-	1,539	1,489	1,539	1,489
Transit	-	-	2,355	2,299	2,355	2,299
Water	-	-	9,181	8,967	9,181	8,967
Total expenses	83,084	83,553	16,090	16,111	99,174	99,664
Excess before transfers	16,649	15,268	(690)	1,111	15,959	16,379
Transfers	(4,114)	(3,546)	4,114	3,546	-	-
Increase (decrease) net position	\$ 12,535	\$ 11,722	\$ 3,424	\$ 4,657	\$ 15,959	\$ 16,379

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 40.6 percent of all government-wide revenue in 2013, with a 2 percent increase from 2012. The fiscal year 2014 budget projection is for increased revenues of 3.37 percent. The current trend for the past 6 month's collections equals a 5.9 percent increase compared to the actual 2013 collections.

Charges for services are increased due to improved collections and increased rates in utility user fees for the last several years. The total capital grant funds were reduced from 2012. The FTA funds for the new Transit Facility are recorded in the prior year business-type activities. The increase in the governmental activities is for infrastructure projects funded with CDBG and HUD Disaster Recovery Funds.

Property taxes account for 7 percent of total revenues and increased by 6 percent in 2013 due to the reassessment of property values as required every four years. Utility franchise taxes were reduced by nearly \$1 million in 2012 compared to 2011 but increased in the current fiscal year.

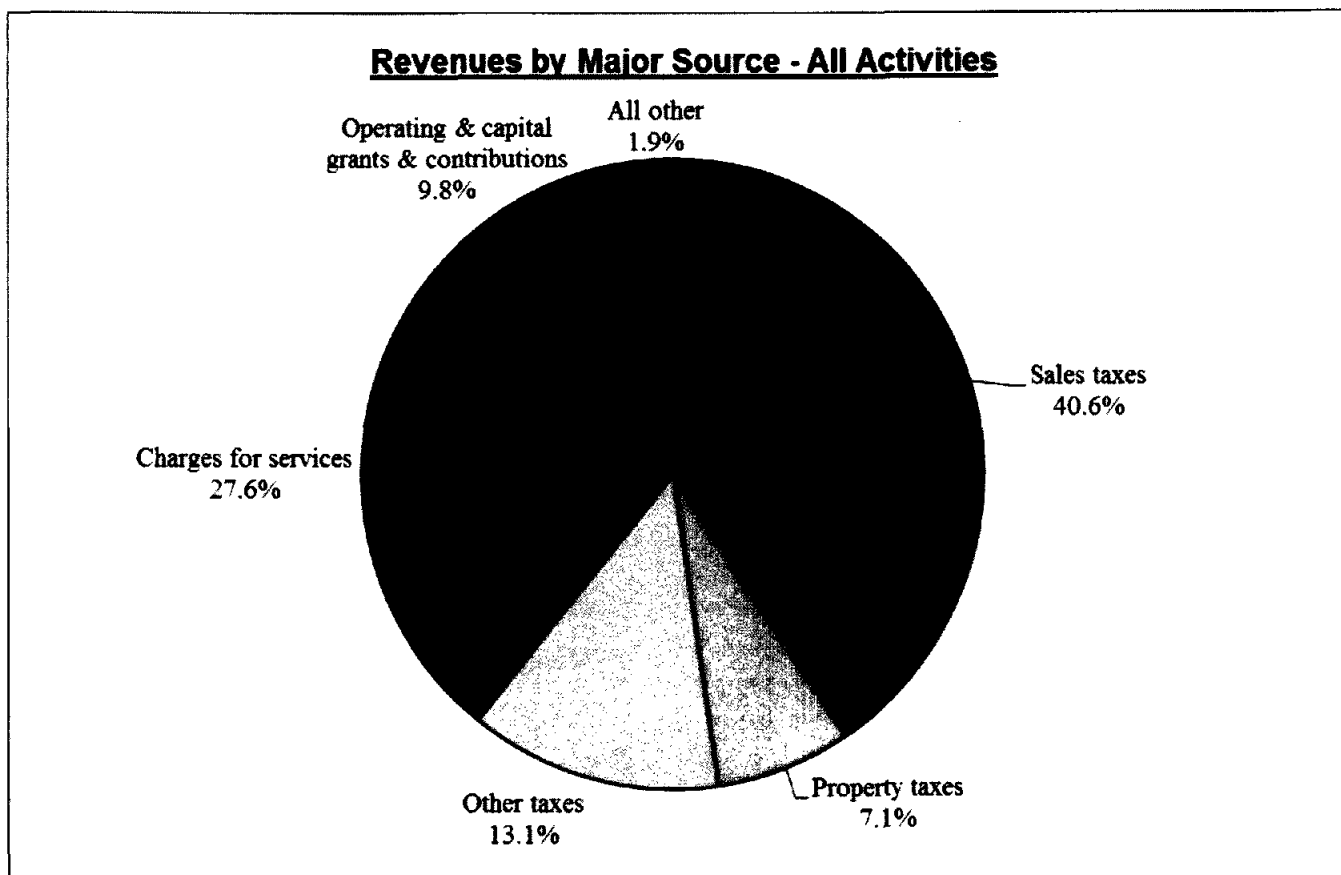
Gaming tax revenue accounts for 8.4 percent of total revenues. The City of Lake Charles and the Calcasieu Parish Police Jury created the Calcasieu Parish Gaming Revenue District and in April 2007 entered into a cooperative endeavor agreement to pool most gaming revenues received parish-wide. Revenues for fiscal year 2013 were

MANAGEMENT'S DISCUSSION AND ANALYSIS

slightly decreased from 2012 collections. Other general revenues decreased due to a land donation on the City's lakefront which was recorded in the prior year.

Total expenses remained fairly constant at \$99 million in 2013, although there were some shifts amongst departments. The public safety department increased by \$746 thousand due to increased personnel cost for retirement contributions and overtime, as well as increased grant expenditures. The decrease in the community services activities is related to funds spent for capital assets in that category in 2012.

Net transfers of \$4.1 million from governmental funds to proprietary funds were an increase of 16 percent compared to 2012. Transfers of \$1.2 million from governmental funds to the Civic Center Fund will be used for ongoing capital improvements. Capital expenditures of bond funds for Water Fund projects of \$481,879 are reflected in the transfer from the Capital Project Fund to the proprietary Water Fund. This transfer is displayed as a capital contribution in the proprietary funds.



Analysis of Fund Financial Statements

This discussion pertains to the financial statements for the various funds into which the City's accounts are divided to comply with legal requirements. As previously noted, the two fund classifications represented in these statements are governmental and proprietary funds.

The City's governmental funds had a combined fund balance of \$114,942,495 at the end of fiscal year 2013, a decrease of \$5.2 million from fiscal year 2012. The ending fund balance of \$25.9 million in the General Fund represents a 2 percent increase or \$538,582 in surplus total revenues over expenditures and operating subsidy transfers as compared to the 2012 operating surplus of \$42,101. This followed two years of recorded deficits. The Capital Project Fund had a \$4 million decrease of fund balance due to the spend-down of bond proceeds that were issued in 2010 for capital improvement projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's proprietary funds' net position increased from \$76,868,184 in 2012 to \$80,291,720. The largest increase was \$2.3 million in the Water Fund due to increased revenues and transfers from governmental funds for capital assets.

General Fund Summary

The General Fund is the City's principal operating fund, accounting for nearly half of all revenue received by the City and 58 percent of revenue for all governmental activities.

The City's operating budget was not legally required to be amended during the 2013 fiscal year, as revenues exceeded budget and expenditures were less than budgeted. The adopted budget projected a \$2.5 million operating deficit; however that deficit projection was reduced to \$680 thousand during the budget process. The City actually ended the year with a \$528,582 surplus. As in previous years, most of the reduction was in the Public Works Department, which spent \$1.3 million less than budget. They accomplished these savings by not filling vacant positions and managing supply and equipment purchases. City departments continue to work with the administration to curtail costs in some areas in order to offset increases that are not as controllable, such as retirement contributions and fuel costs.

The General Fund revenues of \$58,329,059 exceeded budgeted revenue by \$955 thousand and were an increase of 3.9 percent over fiscal year 2012 collections of \$56,155,779. Sales tax revenues of \$35.7 million, which account for 61 percent of all General Fund revenues, were increased by 3.5 percent or \$1.2 million over 2012 collections and exceeded projected revenues by \$412 thousand. Property taxes increased by \$416 thousand or 6 percent to \$7.3 million due to the reassessment of property. Franchise fees from utility companies increased by 11 percent from 2012 to \$5.4 million.

Actual General Fund operating expenditures of \$55,352,364 were \$2.1 million less than the budgeted amount. Salaries and fringe benefits in the General Fund were \$1.6 million less than budget but overtime exceeded budget by \$700,000, resulting in a net savings of \$917 thousand in the Personal Services category of spending. The overtime cost is primarily in the Fire and Police Departments. Savings in other areas such as maintenance, materials and supplies, and utilities were \$1.2 million. The \$55.3 million expended represents a 3.5 percent increase over prior year expenditures of \$53.5 million. For the year, salaries, which account for 40 percent of total expenditures, or \$22.6 million, remained unchanged from prior year as staffing levels remained the same and pay increases being limited to the 2 percent longevity pay for eligible employees. Overtime increased to \$2.5 million in 2013 compared to \$2.1 million in 2012, primarily in the Fire and Police Departments. Retirement contributions rates for the Fire and Police Departments continue to increase and create the City's largest challenge. Contributions for all retirement systems went from \$2.9 million in 2010 to \$4.5 million in the 2012 fiscal year and were \$4.9 million in 2013.

The General Fund's 2012 and 2013 transfers included those necessary to subsidize the grant funds and the proprietary funds and did not include any capital transfers. The fiscal year 2012 transfer to the Risk Management Fund of \$568,634 was the final payment for the \$3 million firefighters' supplemental pay lawsuit settlement. The transfer of \$400,000 in fiscal year 2013 to the Risk Management Fund was to pay for additional claims costs.

The General Fund received a transfer of \$887,130 from the Riverboat Gaming Fund which was used to cover the cost of large equipment purchases for the Public Works Department. An additional \$750,000 was transferred from the Employee Insurance Fund for the second year in a row. This transfer was possible due to reduced claim cost and excess reserves in that fund.

The total increase in fund balance was \$538,582. As part of the fiscal year 2014 budget process in August, 2013 the deficit was projected to be \$680,293. This favorable variance is attributable to an increase in actual revenue, primarily sales tax and franchise taxes and savings in operating cost. The City has committed to use \$2.4 million of fund balance in fiscal year 2014 to offset the shortfall that is projected in expenditures over revenue.

The General Fund's ending balance in 2013 was \$25,895,546, which represents 43.6 percent of total expenditures and transfers made from the fund that year. The amount at 2012 fiscal year end was \$25,356,964.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Fund Summary

The Riverboat Gaming Special Revenue Fund has received \$9.7 million in riverboat taxes in both the fiscal years 2013 and 2012. The City budgeted to draw down \$1 million in fund balance for capital projects resulting in an ending fund balance of \$3.1 million.

The Waste Water Special Revenue Fund revenues increased by 5 percent in fiscal year 2013 compared to the prior year. The increase is primarily attributable to a sewer rate increase in January 2013. Sales tax revenues were also increased. As has been the practice in the last several years, funds were transferred to the Capital Project Fund for major sewer rehabilitation projects and to debt service funds to pay for debt service obligations. The transfer in 2013 increased to \$7.3 million compared to \$6.8 in 2012. The increase is attributable to the transfer to the Debt Service Fund that was needed for the first year principal payment of the DEQ loan. The transfer to the Capital Project Fund is used for infrastructure improvements to the wastewater system. The expansions and improvements were considered when the rate structure was adopted so therefore the revenues collected were sufficient to fund the transfer. The fund balance of \$7.2 million will be used for needed major improvements to the wastewater treatment facilities and line rehabilitation.

The Debt Service Fund expenditures for 2013 increased 10 percent to \$10.5 million. Although the City continues to draw down funds from the DEQ loan as needed for sewer plant improvements, the first principal payments was due in the 2013 fiscal year. Transfers from other funds are typically near or equal to the amount of the debt service payment. Fund balance reserves from previous years of \$4.85 million were relatively unchanged.

The Capital Projects Fund accounts for over 20 percent of all governmental fund expenditures. Those expenditures are related to contract and design costs for city bond projects as well as other capital project expenditures. Expenditures decreased to \$20.7 million in 2013 compared to \$27.5 million in 2012 as many large infrastructure projects were completed in the prior year. Most of the reduction was in bond fund spending. The transfers out of the fund reflect capital asset expenditures of bond funds for assets that are recorded in the Water Funds of \$481,879; debt service requirements of \$2,089,154 for the 2007 and the 2010 bond issue; and \$443,000 to the Civic Center for emergency repairs to that facility. Fund balance was reduced by \$4 million to \$67 million as bond proceeds and other accumulated capital project funds are expended.

The business-type activities had a \$2.8 million increase in total net position, most of which was in the Water Fund. Operating revenues in that fund increased by 6 percent in 2013 due to the scheduled rate increase effective January 2013. The reduction in capital contributions to \$4.6 million in 2013 compared to \$6.7 million in 2012 is due to the funding of the Transit Facility from FTA which was recorded in the prior year.

Capital Assets

The City's total investment in capital assets at the end of the 2013 fiscal year was \$377.9 million, net of accumulated depreciation. The increase in capital assets during the year was \$9 million which includes \$15 million for completed projects, some of which were included as work in progress in the previous year.

The completion of the \$7.7 million Lake Street improvement project accounts for a large portion of the Governmental Activities decrease in the construction in progress and is included as an increase to the infrastructure category on the Capital Asset schedule below. At fiscal year-end, the City had several projects under construction including road projects, sewer line extensions and park projects.

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Riverboat gaming revenue, sales tax revenues and funds from sewer user fees are used to repay the debt. Proceeds from the bonds are being used for improving streets and roads, park and recreation facilities, water and wastewater systems, downtown and/or lakefront development infrastructure and economic development initiatives within the City.

The City issued \$35 million in bonds in May 2007 for Phase I of the \$90 million public improvement project. An additional \$40 million was issued in March 2010. As of September 30, 2013 the City had spent \$72 million on bond projects of which \$7.5 million was spent in fiscal year 2013. Four of the five specific local road projects named in the bond issue have been completed to date.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City has a total of \$57 million in construction in progress. \$26 million of this amount is for road projects, primarily Enterprise Boulevard extension, Gill Street extension and Ryan Street Streetscape projects, which are now all completed. There are several sewer projects under contract, and they account for \$17 million of the construction in progress.

The influx of bond revenues has allowed the City to complete projects that were included in the tax proposal while continuing to spend accumulated capital project funds for previously authorized projects. Funds not needed for repayment of the new debt will continue to be authorized for future projects not included in the bond proposal.

Major capital asset events during the current year included the following:

- Gill Street extension (\$2.6 million construction in progress; 2013 expenses funded by CDBG Disaster Recovery Funds, state FP&C Funds and bond funds)
- Summit Street paving (\$1.9 million construction in progress; \$1.8 million in fiscal year 2012; funded by capital project fund revenues)
- Sale Road bridge replacement (\$743,000 construction in progress, most in the current fiscal year; funded 80% DOTD and 20% city funds)
- City Court Building (\$4.8 million construction in progress; \$2.7 million in fiscal year 2013; funded partially by loan from Calcasieu Parish Public Trust Authority)
- Completion of City Transit Facility (\$4.2 million most of which was shown as construction in progress in the previous fiscal year; funded by FTA funds)
- Penn Street & 12th Street sewer lift station (\$1.1 million city funds and EPA funds spent fiscal year 2013)

Bond project current year expenses are as follows:

- Local roads:
 - Completion of Lake Street renovations (\$7.7 million in prior year expenses)
 - Enterprise Boulevard extension (\$12.6 million construction in progress; \$3.3 million fiscal year 2013 expenses; currently completed)
- Sewer projects: various sewer projects, primarily Lyles Peters Road (\$4.2 million construction in progress; \$305,000 fiscal year 2013 expenses)
- Continued Lakefront and Downtown Development:
 - Ryan Street Streetscape (\$7.7 million construction in progress; \$1.8 million fiscal year 2013 expenses; currently completed)
 - Children's Playground – Millennium Park (\$3 million construction in progress; \$1.4 million in fiscal year 2013 expenses)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Components of the City's capital assets are summarized in the following table. As previously noted, reported value for infrastructure is limited to projects completed since 1975. Additional detail is provided by the financial statements and notes thereto (Note 4-C).

Net Investment in Capital Assets as of September 30, 2013 (net of depreciation, in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 15,890	\$ 16,613	\$ 2,105	\$ 2,105	\$ 17,995	\$ 18,718
Construction in progress	55,239	49,870	1,959	5,361	57,198	55,231
Buildings	29,804	31,901	6,497	2,429	36,301	34,330
Improvements other than buildings	31,645	31,012	55,042	55,777	86,687	86,789
Equipment	8,995	8,035	2,959	3,287	11,954	11,322
Infrastructure	167,752	162,452	-	-	167,752	162,452
Total	<u>\$ 309,325</u>	<u>\$ 299,883</u>	<u>\$ 68,562</u>	<u>\$ 68,959</u>	<u>\$ 377,887</u>	<u>\$ 368,842</u>

Debt Administration

As of September 30, 2013, the City had \$91.7 million in non-current liabilities compared to \$98 million the previous year. 84 percent of the total is bonded debt, all of which is payable from future annual appropriations. Approximately 71 percent of the outstanding bond principal is due within ten years.

The City has no outstanding general obligation debt to which a bond rating can be assigned. All outstanding bond issues are insured and therefore rated 'AAA' by Standard and Poor's.

The City underwent a formal bond rating process for the first time in recent history in early 2007. They received a rating of 'A+' from Fitch and a rating of 'A' from Standard and Poor's. The 2007 LCDA bond issue of \$35 million had the afore mentioned underlying rating but is insured so was therefore sold with a rating of 'AAA'. In the fall of 2010 Fitch affirmed their rating on these bonds and upgraded to 'AA-'. Fitch affirmed the 'AA-' rating again in July 2012. At that time, Fitch also assigned an implied unlimited tax general obligation rating of 'AA'. Statutory debt limits are not applicable to any of the City's current outstanding debt.

The City issued phase two of funding in March 2010 as authorized in the \$90 million bond proposition. The \$39,280,000 LCDA bond issue had an underlying rating from Standard and Poor's of 'A+' but were sold as insured 'AAA' bonds. Both the 2007 and 2010 bond issues will be repaid as outlined in the bond covenant. A maximum of 60 percent of Riverboat Gaming Funds, 60 percent of sales tax dedicated to capital projects and up to \$500,000 in sewer user fees are dedicated for the debt service. Stand-by revenues of additional property tax and sales tax levies can be implemented if the primary revenues should ever fall below required debt service limits.

The City refunded \$20 million in variable rate bonds in October 2009. At that time, the City requested a rating from Standard and Poor's and was upgraded to a rating of 'A+'. The bonds, in the amount of \$17,735,000, were insured and were sold with a rating of 'AAA'. The sewer user fees of the Wastewater Special Revenue Fund are used to repay this debt. In June of 2013 Standard and Poor's affirmed its 'A+' long-term rating on all LCDA debt supported by Lake Charles, which are secured by the city's lawfully available revenue.

The City of Lake Charles has been approved by the Louisiana Department of Environmental Quality for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City's wastewater system. As of the end of the fiscal year, the City had received \$5.9 million from the loan proceeds, and the first principal payment was

MANAGEMENT'S DISCUSSION AND ANALYSIS

made in fiscal year 2013. The debt will be repaid with sewer user fees of the Wastewater Special Revenue Fund over a 20 year period.

On behalf of Lake Charles City Court, the City borrowed \$3 million from a banking institution for a 20 year period to construct a new court house. The debt will be paid through fines generated by the court system.

Additional information regarding long-term debt and liabilities is provided in the financial statements and accompanying notes (Note 4-G).

Economic Outlook and Next Year's Budget

Southwest Louisiana has over \$65 billion in projects announced for the area, primarily made up of four LNG export terminals and three gas-to-liquid facilities. Parish leaders have formed The Southwest La. Task Force for Growth and Opportunity or "GO Group" to deal with issues that will affect the community as we experience such unprecedented growth. The SWLA job estimates for these projects are in excess of 32,000 construction jobs and 20,925 permanent jobs. Workforce development is a major issue facing the state. These projects were outlined in more detail in the transmittal letter of this report.

As reported by the *SWLA Economic Development Alliance* Louisiana has been named in many top rankings.

- The *U.S. Chamber of Commerce* in 2013: number 1 Export State in the Nation, number 2 rank in the export growth, and number 3 for Income Growth Per Capita.
- The *Tax Foundation* ranked Louisiana number 2 Lowest Tax Burden in the Nation for New Firms and number 10 for new firms.
- Sasol's integrated gas-to-liquid and chemicals project in Westlake, La. was named Foreign Direct Investment Deal of the Year at the 2013 World Forum for Foreign Direct Investment in Shanghai, China
- *Business Facilities* magazine ranked the LED Faststart® number 1 as the Nation's Best State Workforce Training Program for 2010, 2011, 2012 and 2013 Ranking Reports.

Growth of this magnitude will undoubtedly have a major financial effect on the City of Lake Charles, but as many of the projects are in the early planning stages, the following is reported for current trends:

- Sales tax: The information on taxable sales was obtained from the Taxable Sales Analysis prepared by the Calcasieu Parish School Board Sales Tax Office for the period February 2014. Parish-wide taxable sales comparisons for the twelve month period ending February 28, 2014 of \$4.63 billion compared to the twelve month period ending February 28, 2013 of \$4.47 billion show an increase of \$157 million or 3.5 percent.

City of Lake Charles sales tax collections for the first four months of 2014 reflect a 6.3 percent increase when compared to the same period in fiscal year 2012. The budget projection was an increase of 3.4 percent.

- Gaming industry: Riverboat casinos in Calcasieu Parish and slot machines at Delta Downs, for calendar year 2013 had taxable gaming proceeds of \$654 million, which was relatively unchanged from calendar year 2012. The new Golden Nugget Casino is under construction and is scheduled to open by the end of the year.
- Labor market trends: The Louisiana Workforce Commission reported that the preliminary December 2013 unemployment rate for the Lake Charles MSA was 4.1 percent compared to 5.1 percent in December 2012; the statewide unemployment rate was 4.7 percent; and the nationwide unemployment rate was 6.5 percent.

The above items and other economic indicators were considered when preparing the budget for the 2014 fiscal year. Although we anticipate growth in revenue in the future, the 2014 projections were conservative.

The City adopted a 2014 General Fund budget which is projected to draw down \$2,363,360 of its previously accumulated fund balance to cover the difference between projected revenues and operating expenditures and transfers to other funds. Revenues are budgeted to increase by 3.6 percent over the adopted 2013 revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses were projected to increase by 3.9 percent compared to the adopted 2013 budget. Pay increases for employees are limited to a 2 percent longevity increase for eligible employees, which are mandated by state statute for public safety employees. The retirement contributions of \$5.4 million to be paid to the state retirement systems have more than doubled since 2009 and are a serious on-going concern for all governments across the state and nation. Increased claims cost in the Risk Management Fund resulted in a 6 percent increase in the insurance line items. Major acquisitions and improvement expenses nearly doubled from the previous year, as it has been determined that it is more cost effective to replace aged equipment rather than continue to pay for increased maintenance costs. All other categories of expenditures remain constant from the previous fiscal years as the City administration continues to contain cost and operate as efficiently possible.

The City completed 2013 with a General Fund balance of \$25.9 million which exceeds the City's policy of maintaining a minimum fund balance target of 30 percent of budgeted expenditures and non-capital transfers.

The City is moving forward with the projects that were approved in the bond proposition for improvements to roads, recreation facilities, water and wastewater systems, and downtown development. \$72 million of bond funds had been spent at fiscal year-end.

The Capital Project budget of \$17 million includes new sources of funding as well as the spending of funds that were previously accumulated for roads, wastewater and water system improvements and other projects that were not included in the bond projects.

Requests for Information

This report is intended to provide interested parties with a general overview of the finances of the City of Lake Charles. Questions or requests for further financial information should be addressed to the Department of Finance, City of Lake Charles, P. O. Box 3706, Lake Charles, Louisiana 70602.

BASIC FINANCIAL STATEMENTS



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

September 30, 2013

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City Court	City Marshal
ASSETS	Activities	Activities	Total		
Cash and cash equivalents	\$ 25,327,727	\$ 2,796,499	\$ 28,124,226	\$1,741,717	\$ 668,705
Investments	94,802,667	10,961,085	105,763,752	-	-
Receivables (net of allowance for uncollectables)	14,317,385	1,366,807	15,684,192	-	720
Internal balances	2,296,596	(2,296,596)	-	227,192	-
Inventories	296,867	264,116	560,983	-	-
Prepays	1,134,539	76,531	1,211,070	-	-
Restricted assets:					
Cash and cash equivalents	-	1,194,598	1,194,598	2,105,770	-
Capital assets not being depreciated:					
Land	15,889,781	2,104,506	17,994,287	-	-
Construction in progress	55,238,824	1,959,133	57,197,957	-	-
Capital assets net of accumulated depreciation:					
Building	29,804,095	6,497,207	36,301,302	-	-
Improvements other than buildings	31,645,260	55,041,893	86,687,153	-	-
Equipment	8,994,655	2,959,551	11,954,206	51,793	162,470
Infrastructure	167,752,613	-	167,752,613	-	-
Total assets	447,501,009	82,925,330	530,426,339	4,126,472	831,895
LIABILITIES					
Accounts payable & other current liabilities	4,607,393	629,313	5,236,706	10,267	2,416
Liabilities payable from restricted assets	-	1,196,146	1,196,146	-	-
Noncurrent liabilities:					
Claims payable within one year	4,810,903	-	4,810,903	-	-
Claims payable in more than one year	1,576,159	-	1,576,159	-	-
Due within one year	7,281,979	5,000	7,286,979	-	-
Due in more than one year	82,905,074	582,212	83,487,286	-	-
OPEB payable due in more than one year	1,636,923	220,942	1,857,865	-	-
Total liabilities	102,818,431	2,633,613	105,452,044	10,267	2,416
NET POSITION					
Net investment in capital assets	230,614,242	68,562,290	299,176,532	51,793	162,470
Restricted for:					
Capital projects	19,902,238	-	19,902,238	-	-
Debt service	3,266,514	-	3,266,514	-	-
Unrestricted	90,899,584	11,729,430	102,629,014	4,064,412	667,009
Total net position	\$344,682,578	\$ 80,291,720	\$ 424,974,298	\$4,116,205	\$ 829,479

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA

Statement of Activities

For the Year Ended September 30, 2013

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position				Component Units		
	Expenses	Charges for Services	Operating		Capital	Governmental Activities	Primary Government Business-Type Activities		Total	City Court	City Marshal	
			Grants and Contributions	Grants and Contributions								
Primary government:												
Governmental activities:												
General government	\$ 4,567,288	\$ 5,497,834	\$ 233,709	\$ 1,413,309	\$ 2,577,564	\$ -	\$ -	\$ 2,577,564	\$ -	\$ -	\$ -	\$ -
Public safety	31,412,865	107,539	3,161,068	-	(28,144,258)	-	-	(28,144,258)	-	-	-	-
Public works	28,841,269	11,767,500	104,463	2,507,523	(14,461,783)	-	-	(14,461,783)	-	-	-	-
Planning and development	2,991,321	578,303	973,277	-	(1,439,741)	-	-	(1,439,741)	-	-	-	-
General services	5,687,941	45,909	6,864	-	(5,635,168)	-	-	(5,635,168)	-	-	-	-
Community services	6,174,061	377,005	757,758	28,333	(5,010,965)	-	-	(5,010,965)	-	-	-	-
Interest in long-term debt	3,409,036	-	-	-	(3,409,036)	-	-	(3,409,036)	-	-	-	-
Total governmental activities	83,083,781	18,374,090	5,237,139	3,949,165	(55,523,387)	-	-	(55,523,387)	-	-	-	-
Business-type activities:												
Civic center	3,014,670	941,963	200,000	100,991	-	-	(1,771,716)	(1,771,716)	-	-	-	-
Golf Course	1,539,186	974,094	-	-	-	-	(565,092)	(565,092)	-	-	-	-
Transit	2,354,540	111,750	1,315,747	443,263	-	-	(483,780)	(483,780)	-	-	-	-
Water	9,181,423	11,327,208	-	(3,081)	-	-	2,142,704	2,142,704	-	-	-	-
Total business-type activities	16,089,819	13,355,015	1,515,747	541,173	-	-	(677,884)	(677,884)	-	-	-	-
Total primary government	\$ 99,173,600	\$ 31,729,105	\$ 6,752,886	\$ 4,490,338	\$ 55,523,387	\$ (55,523,387)	\$ (677,884)	\$ (56,201,271)	\$ -	\$ -	\$ -	\$ -
Component units:												
City Court	\$ 787,875	\$ 363,887	\$ -	\$ 292,557	-	-	-	-	\$ (131,431)	\$ -	\$ 67,930	\$ 67,930
City Marshal	486,266	554,196	-	-	-	-	-	-	-	-	-	-
Total component units	\$ 1,274,141	\$ 918,083	\$ -	\$ 292,557	\$ -	\$ -	\$ -	\$ -	\$ (131,431)	\$ -	\$ 67,930	\$ 67,930
General revenues:												
Property taxes						8,176,273	-	8,176,273	-	-	-	-
Sales taxes						46,717,755	-	46,717,755	-	-	-	-
Franchise taxes						5,420,601	-	5,420,601	-	-	-	-
Riverboat taxes						9,691,942	-	9,691,942	-	-	-	-
Grants and contributions not restricted to specific programs						181,836	-	181,836	-	-	-	-
Interest and investment earnings						62,044	(12,505)	49,539	3,772	-	-	-
Miscellaneous						1,922,170	-	1,922,170	264,223	-	-	-
Transfers						(4,113,925)	4,113,925	-	-	-	-	-
Total general revenues and transfers						68,058,696	4,101,420	72,160,116	267,995	-	-	-
Change in net position						12,535,309	3,423,536	15,958,845	136,564	-	67,930	67,930
Net position - beginning						332,147,269	76,868,184	409,015,453	3,979,641	-	761,549	761,549
Net position - ending						\$ 344,682,578	\$ 80,291,720	\$ 424,974,298	\$ 4,116,205	-	\$ 829,479	\$ 829,479

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA

Balance Sheet Governmental Funds September 30, 2013

	General	Riverboat Gaming Special Revenue
ASSETS		
Cash (Note 4-A)	\$ 6,578,248	\$ 1,362,921
Investments (Note 4-A)	14,813,963	1,017,019
Receivable (net of allowance for uncollectable)		
Accounts (Note 4-B)	5,774,900	1,129,050
Special Assessments	-	-
Accrued interest	20,229	82
Intergovernmental (Note 4-B)	118,348	-
Due from other funds (Note 4-F)	759,858	115,143
Inventory	296,867	-
Prepaid items	182,116	-
Total assets	<u>\$ 28,544,529</u>	<u>\$ 3,624,215</u>
LIABILITIES		
Accounts payable	\$ 1,699,716	\$ -
Contracts payable	-	-
Escrow	402,176	-
Due to other funds	532,166	500,000
Deferred revenues	-	-
Other liabilities	14,925	-
Total liabilities	<u>2,648,983</u>	<u>500,000</u>
FUND BALANCES		
Nonspendable:		
Inventory	296,867	-
Pre-paid items	182,116	-
Restricted:		
Sales tax and bond funds for capital projects	-	-
Debt service reserve	-	-
Committed :		
Capital projects	-	-
Wastewater system improvements	-	-
Debt service payments	-	-
Other purposes	2,363,360	944,360
Assigned:		
Community services	-	-
Public safety	-	-
Disaster recovery	-	-
Other purposes	-	2,179,855
Unassigned	23,053,203	-
Total fund balances	<u>25,895,546</u>	<u>3,124,215</u>
Total liabilities and fund balances	<u>\$ 28,544,529</u>	<u>\$ 3,624,215</u>

Wastewater Special Revenue	Debt Service	Capital Projects	Other Special Revenue Governmental Funds	Total Governmental Funds
\$ 305,209	\$ 3,954,322	\$ 5,245,955	\$ 2,379,912	\$ 19,826,567
5,629,142	860,246	60,034,973	4,466,113	86,821,456
1,440,616	-	507,526	234,097	9,086,189
-	540,329	196,865	-	737,194
2,122	641	101,369	3,433	127,876
-	-	1,888,231	655,204	2,661,783
-	21,333	500,000	27,495	1,423,829
-	-	-	-	296,867
37,095	2,200	-	11,665	233,076
<u>\$ 7,414,184</u>	<u>\$ 5,379,071</u>	<u>\$ 68,474,919</u>	<u>\$ 7,777,919</u>	<u>\$ 121,214,837</u>
\$ 199,585	\$ 74,875	\$ 384,985	\$ 268,134	\$ 2,627,295
-	-	1,474,859	-	1,474,859
-	21,765	-	10,283	434,224
2,941	-	-	212,169	1,247,276
-	432,263	-	41,500	473,763
-	-	-	-	14,925
<u>202,526</u>	<u>528,903</u>	<u>1,859,844</u>	<u>532,086</u>	<u>6,272,342</u>
-	-	-	-	296,867
37,095	2,200	-	11,630	233,041
-	-	19,902,238	-	19,902,238
-	3,266,514	-	-	3,266,514
-	-	41,760,700	-	41,760,700
7,174,563	-	4,952,137	-	12,126,700
-	106,202	-	-	106,202
-	-	-	807,215	4,114,935
-	-	-	1,153,666	1,153,666
-	-	-	174,886	174,886
-	-	-	2,691,320	2,691,320
-	1,475,252	-	2,407,116	6,062,223
-	-	-	-	23,053,203
<u>7,211,658</u>	<u>4,850,168</u>	<u>66,615,075</u>	<u>7,245,833</u>	<u>114,942,495</u>
<u>\$ 7,414,184</u>	<u>\$ 5,379,071</u>	<u>\$ 68,474,919</u>	<u>\$ 7,777,919</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.

309,322,732

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.

473,763

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

11,664,542

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.

(91,720,954)

Net position of governmental activities

\$ 344,682,578

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2013

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
Revenues:		
Taxes	\$ 46,109,304	\$ 9,691,942
Licenses and permits	6,349,383	-
Intergovernmental	2,509,007	-
Charges for services	2,491,654	-
Fines and forfeitures	247,061	-
Miscellaneous	622,650	6,508
Total revenues	<u>58,329,059</u>	<u>9,698,450</u>
Expenditures:		
Current operating:		
General government	2,892,999	-
Finance	1,524,491	-
Human Resources	309,113	-
Fire	13,523,625	-
Police	17,131,824	-
Public works	13,694,611	-
Planning and development	1,821,732	-
Community services	-	-
General services	4,453,969	-
Capital projects	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>55,352,364</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,976,695</u>	<u>9,698,450</u>
Other financing sources (uses):		
Transfers in	1,637,130	-
Transfers out	(4,075,243)	(10,633,360)
Issuance of debt	-	-
Total other financing sources (uses)	<u>(2,438,113)</u>	<u>(10,633,360)</u>
Net change in fund balances	538,582	(934,910)
Fund balance at beginning of year	<u>25,356,964</u>	<u>4,059,125</u>
Fund balance at end of year	<u>\$ 25,895,546</u>	<u>\$ 3,124,215</u>

The notes to the financial statements are an integral part of this statement.

Wastewater Special Revenue	Debt Service	Capital Projects	Other Special Revenue Governmental Funds	Total Governmental Funds
\$ 3,302,154	\$ -	\$ 5,778,769	\$ 2,626,780	\$ 67,508,949
-	-	-	-	6,349,383
-	213,309	4,185,990	2,844,468	9,752,774
11,713,634	-	-	169,906	14,375,194
-	-	-	-	247,061
32,920	4,691	1,021,383	200,511	1,888,663
<u>15,048,708</u>	<u>218,000</u>	<u>10,986,142</u>	<u>5,841,665</u>	<u>100,122,024</u>
-	-	-	-	2,892,999
-	-	-	-	1,524,491
-	-	-	-	309,113
-	-	-	-	13,523,625
-	-	-	1,179,718	18,311,542
7,754,395	-	-	-	21,449,006
-	-	-	971,958	2,793,690
-	-	-	5,516,244	5,516,244
-	-	-	-	4,453,969
268,451	-	20,762,834	-	21,031,285
-	6,947,090	-	-	6,947,090
-	3,603,630	-	-	3,603,630
<u>8,022,846</u>	<u>10,550,720</u>	<u>20,762,834</u>	<u>7,667,920</u>	<u>102,356,684</u>
<u>7,025,862</u>	<u>(10,332,720)</u>	<u>(9,776,692)</u>	<u>(1,826,255)</u>	<u>(2,234,660)</u>
-	10,287,626	7,940,000	2,102,630	21,967,386
(7,358,675)	-	(3,014,033)	(650,000)	(25,731,311)
-	-	833,344	-	833,344
<u>(7,358,675)</u>	<u>10,287,626</u>	<u>5,759,311</u>	<u>1,452,630</u>	<u>(2,930,581)</u>
(332,813)	(45,094)	(4,017,381)	(373,625)	(5,165,241)
<u>7,544,471</u>	<u>4,895,262</u>	<u>70,632,456</u>	<u>7,619,458</u>	<u>120,107,736</u>
<u>\$ 7,211,658</u>	<u>\$ 4,850,168</u>	<u>\$ 66,615,075</u>	<u>\$ 7,245,833</u>	<u>\$ 114,942,495</u>

CITY OF LAKE CHARLES, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For Fiscal Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (5,165,241)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	9,444,702
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(500)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,195,019
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Internal service funds are used by management to charge the costs of insurance to individual funds. The net expenses of certain activities of internal service funds is reported within the governmental activities.	<u>2,061,329</u>
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Change in net position of governmental activities	<u><u>\$ 12,535,309</u></u>
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The notes to the financial statements are an integral part of this statement.

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CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

Proprietary Funds

September 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2013	
ASSETS						
Current assets:						
Cash	\$ 1,216,531	\$ 409,234	\$ 210,682	\$ 960,052	\$ 2,796,499	\$ 5,501,160
Investments	70,156	-	39,377	10,851,552	10,961,085	7,981,211
Restricted cash:						
Customer deposits	-	-	-	1,194,598	1,194,598	-
Accounts receivable (net of allowance for uncollectible)	49,052	465	-	865,973	915,490	1,697,952
Accrued interest receivable	-	-	-	13,047	13,047	6,391
Intergovernmental receivables	108,867	-	329,403	-	438,270	-
Due from other funds	-	-	-	-	-	400,765
Inventories	22,169	39,920	-	202,027	264,116	-
Prepaid items	3,628	-	2,255	70,648	76,531	901,463
Total current assets	<u>1,470,403</u>	<u>449,619</u>	<u>581,717</u>	<u>14,157,897</u>	<u>16,659,636</u>	<u>16,488,942</u>
Capital assets:						
Land	-	1,065,697	806,824	231,985	2,104,506	-
Buses	-	-	2,674,538	-	2,674,538	-
Buildings and structures	18,768,595	2,123,406	4,311,348	459,284	25,662,633	-
Improvements	15,882,560	2,626,029	-	71,952,206	90,460,795	-
Construction in Progress	367,866	-	238,613	1,352,654	1,959,133	-
Equipment, furniture and fixtures	2,696,059	404,013	178,701	1,970,455	5,249,228	30,164
Total capital assets	<u>37,715,080</u>	<u>6,219,145</u>	<u>8,210,024</u>	<u>75,966,584</u>	<u>128,110,833</u>	<u>30,164</u>
Less accumulated depreciation	<u>27,684,198</u>	<u>1,714,984</u>	<u>1,387,081</u>	<u>28,762,277</u>	<u>59,548,540</u>	<u>27,668</u>
Total capital assets (net of accumulated depreciation)	<u>10,030,882</u>	<u>4,504,161</u>	<u>6,822,943</u>	<u>47,204,307</u>	<u>68,562,293</u>	<u>2,496</u>
Total assets	<u>11,501,285</u>	<u>4,953,780</u>	<u>7,404,660</u>	<u>61,362,204</u>	<u>85,221,929</u>	<u>16,491,438</u>

Business-type Activities-Enterprise Funds

	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2013	Governmental Activities - Internal Service Funds
LIABILITIES						
Current liabilities :						
Accounts payable	34,408	28,580	27,565	402,907	493,460	56,090
Contracts payable	52,961	-	6,392	46,562	105,915	-
Customer deposits payable	-	-	-	1,196,146	1,196,146	-
Escrow	12,430	17,508	-	-	29,938	-
Due to other funds	178,851	147,941	47,322	203,177	577,291	27
Total current liabilities	<u>278,650</u>	<u>194,029</u>	<u>81,279</u>	<u>1,848,792</u>	<u>2,402,750</u>	<u>56,117</u>
Non-current liabilities:						
Compensated absences	139,273	56,618	71,792	319,529	587,212	83,682
OPEB liability	36,163	34,775	27,731	122,273	220,942	19,340
Accrued insurance claims	-	-	-	-	-	4,485,903
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,576,159
Total non-current liabilities	<u>175,436</u>	<u>91,393</u>	<u>99,523</u>	<u>441,802</u>	<u>808,154</u>	<u>6,490,084</u>
Total liabilities	<u>454,086</u>	<u>285,422</u>	<u>180,802</u>	<u>2,290,594</u>	<u>3,210,904</u>	<u>6,546,201</u>
NET POSITION						
Net investment in capital assets	10,030,882	4,504,161	6,822,943	47,204,307	68,562,293	2,496
Unrestricted	1,016,317	164,197	400,915	11,867,303	13,448,732	9,942,741
Total net position	<u>\$11,047,199</u>	<u>\$4,668,358</u>	<u>\$ 7,223,858</u>	<u>\$ 59,071,610</u>	<u>82,011,025</u>	<u>\$ 9,945,237</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(1,719,305)	
Net position of business-type activities					<u>\$80,291,720</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2013

	Business-type	
	Civic Center	Golf Course
Operating revenues:		
Charges for services	\$ 941,303	\$ 971,882
Other	660	1,302
Total operating revenues	<u>941,963</u>	<u>973,184</u>
Operating expenses:		
Personal services	1,114,880	643,728
Materials and supplies	206,833	489,345
Maintenance	226,651	30,690
Heat, light and power	328,432	55,453
Transportation	-	-
General and administration	198,619	132,930
Claims and losses paid	-	-
Depreciation	995,735	209,723
Total operating expenses	<u>3,071,150</u>	<u>1,561,869</u>
Operating income (loss)	<u>(2,129,187)</u>	<u>(588,685)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	200,000	-
Interest	1,676	270
Gain (loss) on retirement or transfer of capital assets	-	910
Total nonoperating revenues	<u>201,676</u>	<u>1,180</u>
Income (loss) before operating transfers	<u>(1,927,511)</u>	<u>(587,505)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	100,991	-
Capital contributions - governmental funds	1,243,000	250,000
Transfers in (out)	931,549	397,777
Total capital contributions and transfers	<u>2,275,540</u>	<u>647,777</u>
Change in net position	348,029	60,272
Net position at beginning of year	10,699,170	4,608,086
Net position at end of year	<u>\$ 11,047,199</u>	<u>\$ 4,668,358</u>

The notes to the financial statements are an integral part of this statement.

Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Public Transit	Water Utility	Totals 2013	
\$ 111,750	\$ 10,718,977	\$ 12,743,912	\$ 13,701,122
-	604,676	606,638	396,579
111,750	11,323,653	13,350,550	14,097,701
810,833	2,687,153	5,256,594	534,957
185,043	1,480,542	2,361,763	11,882
166,749	935,490	1,359,580	-
50,985	817,083	1,251,953	-
115,226	-	115,226	-
923,704	1,966,235	3,221,488	2,894,629
-	-	-	7,714,766
276,548	1,585,692	3,067,698	2,723
2,529,088	9,472,195	16,634,302	11,158,957
(2,417,338)	1,851,458	(3,283,752)	2,938,744
1,315,747	-	1,515,747	-
666	(15,117)	(12,505)	17,068
-	3,555	4,465	-
1,316,413	(11,562)	1,507,707	17,068
(1,100,925)	1,839,896	(1,776,045)	2,955,812
443,263	(3,081)	541,173	-
-	481,879	1,974,879	-
809,720	-	2,139,046	(350,000)
1,252,983	478,798	4,655,098	(350,000)
152,058	2,318,694	2,879,053	2,605,812
7,071,800	56,752,916		7,339,425
\$ 7,223,858	\$ 59,071,610		\$ 9,945,237

Adjustments to reflect the consolidation of
internal service fund activities related
to enterprise funds

Change in net position of business-type activities

544,483

\$ 3,423,536

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2013

	<u>Civic Center</u>
Cash flows from operating activities:	
Receipts from customers	\$ 939,492
Payments to employees	(1,102,555)
Payments to suppliers	(1,047,183)
Internal activity - payments to other funds	208,458
Net cash provided by operating activities	<u>(1,001,788)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	931,549
Shared revenue from governmental agencies	200,000
Net cash provided by noncapital financing activities	<u>1,131,549</u>
Cash flows from capital and related financing activities:	
Purchases/sale of capital assets	(864,136)
Contracts payable	-
Capital subsidies from governmental agencies	-
Capital transfers	1,243,000
Net cash provided (used for) capital and related financing activities	<u>378,864</u>
Cash flow from investing activities:	
Purchase of investment securities	(54)
Proceeds from sale and maturities of investment securities	-
Interest on investments	1,675
Net cash provided (used for) investing activities	<u>1,621</u>
Net increase (decrease) in cash and cash equivalents	510,246
Cash and cash equivalents at beginning of year	706,285
Cash and cash equivalents at end of year	<u>\$ 1,216,531</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (2,129,187)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	995,735
(Increase) decrease in accounts receivable	(2,471)
(Increase) decrease in due from other funds	29,607
(Increase) decrease in inventories	3,769
(Increase) decrease in prepaid items	393
Increase (Decrease) in accounts payables	(80,252)
Increase (Decrease) in miscellaneous payables	(4,947)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	1,389
Increase (Decrease) in OPEB liability	5,325
Increase (Decrease) in due to other funds	178,851
Total adjustments	<u>1,127,399</u>
Net cash provided (used) by operating activities	<u>\$ (1,001,788)</u>

Noncash investing and capital activities:

Assets retired/transferred cost \$59,738 and had accumulated depreciation of \$59,738, loss of \$0.

Capital assets expenditures of \$481,879 were paid from governmental funds and are recorded as a capital contribution on the statement of activity in the proprietary funds.

Developer/governmental agencies donated capital assets of \$350,000.

Change in the fair value of investments resulted in an unrealized loss of \$63,096 at year end 2013 and an unrealized gain of \$34,035 at year end 2012.

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

Golf Course	Transit	Water Utility	Totals 2013	Governmental Activities Internal Service Funds
\$ 972,719	\$ 111,750	\$ 11,293,691	\$ 13,317,652	\$ 13,056,051
(638,370)	(789,842)	(2,630,102)	(5,160,869)	(482,125)
(702,983)	(1,842,941)	(5,065,992)	(8,659,099)	(11,877,150)
86,127	42,681	(146,132)	191,134	(400,902)
<u>(282,507)</u>	<u>(2,478,352)</u>	<u>3,451,465</u>	<u>(311,182)</u>	<u>295,874</u>
397,777	809,720	-	2,139,046	(350,000)
-	1,463,947	-	1,663,947	-
<u>397,777</u>	<u>2,273,667</u>	<u>-</u>	<u>3,802,993</u>	<u>(350,000)</u>
(57,376)	(412,723)	(850,623)	(2,184,858)	-
-	-	-	-	-
-	827,454	59,701	887,155	-
250,000	-	-	1,493,000	-
<u>192,624</u>	<u>414,731</u>	<u>(790,922)</u>	<u>195,297</u>	<u>-</u>
-	(30)	(7,969,527)	(7,969,611)	(6,341,110)
-	-	3,223,104	3,223,104	4,943,636
270	666	41,516	44,127	31,270
<u>270</u>	<u>636</u>	<u>(4,704,907)</u>	<u>(4,702,380)</u>	<u>(1,366,204)</u>
308,164	210,682	(2,044,364)	(1,015,272)	(1,420,330)
101,070	-	4,199,014	5,006,369	6,921,490
<u>\$ 409,234</u>	<u>\$ 210,682</u>	<u>\$ 2,154,650</u>	<u>\$ 3,991,097</u>	<u>\$ 5,501,160</u>
<u>\$ (588,685)</u>	<u>\$ (2,417,338)</u>	<u>\$ 1,851,458</u>	<u>\$ (3,283,752)</u>	<u>\$ 2,938,744</u>
209,723	276,548	1,585,692	3,067,698	2,723
(465)	-	(117,559)	(120,495)	(1,041,650)
-	100,000	-	129,607	(400,765)
5,618	-	(3,581)	5,806	-
1,186	(1,707)	2,073	1,945	(5,187)
(2,532)	(393,814)	122,481	(354,117)	7,668
2,885	-	41,539	39,477	(1,213,736)
-	-	87,598	87,598	-
(304)	12,772	17,162	31,019	7,357
3,940	2,506	10,734	22,505	857
86,127	(57,319)	(146,132)	61,527	(137)
<u>306,178</u>	<u>(61,014)</u>	<u>1,600,007</u>	<u>2,972,570</u>	<u>(2,642,870)</u>
<u>\$ (282,507)</u>	<u>\$ (2,478,352)</u>	<u>\$ 3,451,465</u>	<u>\$ (311,182)</u>	<u>\$ 295,874</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lake Charles, Louisiana (the City) was incorporated in 1867, and operates under a home rule charter, which became effective in 1961. The City utilizes the Mayor-Council form of government and provides a full range of municipal services under a centralized system of administration.

The accounting and financial reporting policies of the City conform to generally accepted accounting principles as applicable to governments. Such policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audit of State and Local Governmental Units. Following is a summary of the more significant accounting policies.

The accompanying financial statements include all funds, which are directly controlled by the City, and which constitute the primary government as defined for financial reporting purposes. In accordance with generally accepted accounting principles, this report also includes component units, which are legally separate from the City but considered to be fiscally dependent on the primary government. Component units are discretely presented in this report, are reported for periods and balance sheet dates which differ from the City's, and have been separately audited. Further disclosures concerning such units are provided below.

Discretely Presented Component Units

Financial data of component units is displayed on the Statement of Net position and Statement of Activities. The reported component units are as follows:

City Court of Lake Charles:

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2012.

Ward Three Marshal:

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2012. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujo Street, Lake Charles, Louisiana 70601.

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statement

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and the intergovernmental revenues, are reported separately from business-type activities, which rely primarily on charges for services for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting in the Basic Financial Statement

The government-wide financial statement of net position and statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions should be recognized in accordance with the requirements of Section N50, Nonexchange Transactions.”.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual so they have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental fund reporting focuses primarily of the sources, uses, and balances of current financial resources and often has a budgetary orientation. Governmental funds are, in essence, accounting segregations of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and deferred outflow of resources, and liabilities and deferred inflow of resources is referred to as “Fund Balance.”

NOTES TO FINANCIAL STATEMENTS

The City of Lake Charles reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

Riverboat Gaming Special Revenue Fund – This fund accounts for receipt and subsequent expenditure or transfer of revenue from casino riverboat admissions taxes.

Wastewater Fund – This fund accounts for the receipt and subsequent expenditure of dedicated sales taxes, sewer use charges, and other current charges dedicated to operations, maintenance and improvement of the City's sanitary sewerage system.

Debt Service Fund – This fund is used to account for the accumulation of resources and the payments made for principal, interest, and related costs on long-term debt obligations of governmental funds. The primary source of revenue is transfers in from other funds as mandated by law or City policy.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.) Revenues include 28 percent of one percent sales tax dedicated to capital improvements and various intergovernmental revenues.

The City of Lake Charles reports the following proprietary funds:

Civic Center – This fund accounts for the activities of the Lake Charles Civic Center.

Golf Course – This fund accounts for the activities of Mallard Cove Golf Course.

Transit Fund – This fund accounts for the operation of the City's transit system.

Water Fund – This fund accounts for the operation of the City's water system.

The City of Lake Charles reports the following additional fund types:

Internal Service Funds - Internal Service Funds are used to account for the insurance needs provided to other departments of the City, or to other governments, on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and are reported as program revenues.

NOTES TO FINANCIAL STATEMENTS

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment program is authorized and limited by state statute and city ordinances to purchases of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool equivalent to a money market fund. LAMP invests in short-term instruments permitted by statute.

Investments for the government, its component units and for LAMP are reported at fair value.

2. Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables, including those for grass cutting and demolition assessments in the governmental funds and water and sewer charges in the enterprise funds, are shown net of an allowance for uncollectables. The allowance for estimated uncollectible receivables is established based on historical collection experience and other relevant circumstances.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water and sewer user fees in the Wastewater Special Revenue Fund and the Water Utility Enterprise Fund. The City's ability to collect the amounts due from the users of the City water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

The City property taxes must be levied by December 1 of each year. Property taxes are due by December 31 and are delinquent by January 1. Delinquent property taxes are assessed interest at one and one-quarter percent per month for the period of delinquency. Property owners with taxes still delinquent by March 1st are notified by certified mail that they have twenty days to pay delinquent property taxes. The lien date is the date in which the tax assessor files the tax roll with the Clerk of Court, which is the same as the levy date. Sale of delinquent properties is held each year as soon as possible after May 1. Most taxes are collected in December, January and February.

3. Inventories and Prepaid Items

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption and are accounted for under the consumption method where expenditures are recorded when the goods are used. Inventories are also held in the enterprise funds. These consist of concession supplies held for sale to the public and materials held for water system maintenance and improvements. Certain payments made to vendors are for services that will benefit subsequent periods and, using the consumption method, these expenses are recorded as prepaid items in fiscal year 2013 in both the governmental-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

4. Restricted assets

Customer deposits in the Water Enterprise Fund are classified as restricted assets on the balance sheet because their use is limited to repayment of deposits to qualified customers or upon termination of service.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Historically, capital assets constructed during the past 30 years had been financed on a pay-as-go basis. However, the City incurred debt in 2003 for the construction of a new sewer treatment facility and issued bonds in 2007 and 2010 to fund capital improvements, such as roads, water, sewer, recreation and downtown development activities. Debt was also incurred during the past fiscal year for improvements to the City's sewer plants.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Improvements other than buildings	20
Public Domain infrastructure	10 – 50
System infrastructure	10 – 50
Machinery and equipment	7

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. There was not any amount recorded in the governmental fund statements as payable to employees who had terminated as of the end of the fiscal year on September 30, 2013.

Vacation is based on the number of years of service and is earned as follows:

First four years	10 days
Five to nine years	15 days
Ten to nineteen years	20 days
Nineteen years and over	25 days

Sick pay is based on the number of years of service and is carried as follows:

First three years	8 hours per month
Four years and over	12 hours per month

NOTES TO FINANCIAL STATEMENTS

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2013. Because there was no current liability at the end of the fiscal year, all estimated termination payment liability is recorded in the government-wide and proprietary fund financial statements.

City employees may receive compensatory time off with pay in lieu of overtime pay for work in excess of regular scheduled hours. Accumulation of unused compensatory time is limited, and any unused or unpaid portion is payable upon separation from employment. Compensatory time is accrued when incurred in the government-wide and proprietary funds financial statements. There was no current portion of compensatory time recorded in the governmental fund statement at September 30, 2013.

At September 30, 2013 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$3,252,349 for Governmental Activities, which includes \$83,682 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$587,212.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize principal payments during the current period. The face amount of debt issued is reported as other financing sources.

8. Fund equity

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City of Lake Charles classifies governmental fund balances as follows:

Non-spendable – Includes fund balance amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained or due to constitutional provisions or enabling legislation. Any deviation from the specific purpose must be approved by the original third party whether that is the electorate or grantor.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the City Council) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment. A separate city ordinance adopted by the City Council is required to modify a previous commitment of fund balance.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by action of the Mayor or the City Council and generally only exist temporarily. Additional action is necessary to remove or revise the limitation.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and when applicable, negative fund balances in other governmental funds.

NOTES TO FINANCIAL STATEMENTS

All of these items are included as elements of net position on the government-wide statement.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

It is the City's policy to maintain a minimum fund balance of 30 percent of operating expenditures and operating transfers in the General Fund.

2. Reconciliation of Government-wide Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains “long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$91,720,954 difference are as follows:

2007 LCDA Bonds payable	\$26,995,000
Premium on 2007 LCDA Bonds payable (to be amortized over the life of the debt)	753,436
2009 Revenue Refunding Bonds payable	12,290,000
Premium on 2009 Refunding Bonds payable (to be amortized over the life of the debt)	313,625
2010 LCDA Bonds payable	34,165,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	1,370,241
Pension refunding bonds	805,000
Cooperative endeavor-Sales Tax Dist. No.3	2,364,492
Compensated absences	3,168,667
Other post employee benefits (OPEB) payable	1,617,583
Police benefits guarantee	57,298
LC City Court building project	2,805,000
DEQ loan – sewer plant rehabilitation	<u>5,015,612</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position -governmental activities	<u>\$ 91,720,954</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

NOTES TO FINANCIAL STATEMENTS

The details of the \$9,444,702 are as follows:

Capital outlays	\$22,658,706
Depreciation expense	(12,404,283)
Loss on retirement of capital assets	<u>(809,721)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 9,444,702</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has any effect on net position.” The details of this \$6,195,019 are as follows:

Principal repayment:	
Pension refunding bonds	\$ 1,125,000
2007 LCDA public improvement bonds	1,375,000
2009 Revenue refunding bonds	1,320,000
2010 LCDA public improvement bonds	1,795,000
Police benefit guarantees	20,385
Compensated absences	(17,710)
OPEB liabilities	(191,907)
Cooperative endeavor-Sales Tax Dist. No. 3	350,000
Proceeds from premium on 2007 LCDA public improvement bonds (to be amortized as interest over life of debt)	55,129
Proceeds from premium on 2009 Revenue refunding bonds (to be amortized as interest over life of debt)	39,203
Proceeds from premium on 2010 Revenue refunding bonds (to be amortized as interest over life of debt)	100,262
Lake Charles City Court building loan	100,000
DEQ loan – sewer plant improvements	958,000
DEQ loan – sewer plant improvements	<u>(833,343)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 6,195,019</u>

C. Explanation of certain differences between the proprietary fund statement of net position and the governmental-wide statement of net position:

The proprietary fund statements of net position include reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the governmental-wide statements of net position. The description of the sole element of that reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this \$(1,719,305) are as follows:

Internal payable representing costs in excess of charges to the business-type activities – prior year	\$(2,263,788)
Internal payable representing costs in excess of charges to the business-type activities – current year	<u>544,483</u>
Net adjustment to decrease net position – enterprise funds to arrive at net position – business-type activities	<u>\$(1,719,305)</u>

NOTES TO FINANCIAL STATEMENTS

3. Stewardship, Compliance, and Accountability

A. Budgetary information

The City annually adopts and implements an operating and capital budget in accordance with requirements of the City Charter and applicable state law for the General Fund and all Special Revenue and Proprietary Funds. The Capital Projects Fund's budget is a project based capital budget. Policies and procedures with respect to budget adoption and budgetary control are as follows:

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget and notices of public hearing are published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget, and actual comparison, as the capital budget which encompasses that fund, is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations except capital project budgets lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted or as amended by the City Council. The originally adopted General Fund budget was \$61,661,757. The General Fund was not legally required to be amended during the fiscal year. It was forecast that revenues would exceed budgeted projections and that operating expenditures would fall below budget in all departments.

The originally adopted amount of all Special Revenue Funds was \$35,005,300. Amendments in the amount of \$595,973 resulted in the final total Special Revenue Fund budget of \$35,601,273. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is

NOTES TO FINANCIAL STATEMENTS

employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds.

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services have been received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as reappropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and reappropriation. Such balances are classified as committed fund balance in the Capital Project Fund. Significant encumbrances are included in the "construction commitments" section of the capital asset note disclosure.

C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

There was no deficit fund equity in any fund at fiscal year ended September 30, 2013.

D. Unfavorable Revenue Variance

The intergovernmental revenue of the Grant Special Revenue Fund was \$1,929,827 which was \$82,325 less than the \$2,012,152 budgeted amount. The intergovernmental revenue of the Community Development Special Revenue Fund was \$899,596 which was \$49,385 less than the \$948,981 budgeted amount. The revenue of the Disaster Recovery Special Revenue Fund was \$17,684 which was \$1,002 less than the \$17,908 budgeted amount. These unfavorable variances are attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actual revenues received are based on annual expenditure reimbursements in those funds. The revenue of the Riverboat Gaming Special Revenue Fund was \$9,698,450 which was \$8,550 less than the \$9,707,000 budgeted amount. These funds are proportional to gaming revenues within the Parish, which were down slightly from projected figures.

4. Detailed Notes on All Funds

A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet within "cash and investments" or "restricted cash and investments" where applicable. Legal and contractual provisions with respect to deposits and investments are substantially the same for all funds and fund types.

Demand deposits of the City are maintained under a banking agreement in which account balances are collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the City's name. The bank balance of such deposits at September 30, 2013 was \$28,813,178 (carrying amount \$25,532,321).

The total includes restricted cash in the amount of \$1,194,598 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,200 or \$3,722,581 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims. It also does not include a cash overdraft of \$39,722 reported as accounts payable in the Grant Special Revenue Fund which is reported as accounts payable in that fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,741,717 for City Court and \$668,705 for the Ward Three Marshal. These amounts were fully covered by federal deposit insurance or were collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the entity's name.

NOTES TO FINANCIAL STATEMENTS

Investments

As of September 30, 2013 the City had the following investments and maturities:

Investment type	Maturity	Fair Value
U.S. agencies callable	Less than 1 year	\$14,270,681
U.S. agencies callable	1 – 5 year	85,256,538
Louisiana Asset Management Pool		<u>6,236,533</u>
		<u>\$105,763,752</u>

Credit Risk – Investments

The City's investment program is authorized and limited by state statute and city policy to purchases of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit local government money-market type (2a-7-like) investment pool sponsored by the State of Louisiana. This pool is rated AAA by Standard & Poor's. Security investments are carried at fair value; investment in LAMP is carried at cost, which approximates market. With the exception of LAMP, all of the City's investments are held in the City's name by its custodial bank. The City's investment policy does not specifically limit investment maturities, except for a general requirement that funds used for operation be invested within a three-year final maturity range. This policy assumes that callable investments will not be called. The City's investment policy states that financial or credit risk, as distinguished from market risk, is not acceptable for any investment in either short or long term investment categories.

The City does not directly invest in commercial paper, which are permitted by state statute. However, such investments are made by LAMP, subject to concentration and maturity limitations of its investments policy.

Investments as of September 30, 2013 were concentrated with the following issuers:

<u>Issuer</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$20,001,582
Federal Home Loan Mortgage Corporation	20,125,565
Federal National Mortgage Association	55,767,848
Federal Farm Credit Bank	3,633,033

The City's investments in U.S. Agency Securities were primarily rated "AAA" by Standard and Poor's and Fitch Ratings and "Aaa" by Moody's Investors Services. The City's investment policy does not specifically limit concentration with individual issuers. The policy states that financial or credit risk, as distinguished from market risk, is not acceptable for any investment in either short or long term investment categories.

Interest Rate Risk – Investments

The City's policy on investments places primary order of emphasis on 1) the safety of principal; 2) the liquidity of the investment, in order to enable the City to meet reasonably expected operating and capital funding requirements; and 3) the yield or return on investment.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment. Investments are exposed to custodial credit risk if the securities are (a) uninsured and unregistered and held by the counterparty; or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the City.

NOTES TO FINANCIAL STATEMENTS

According to the City's investment policy for investment purchases, the fiscal agent bank merely executes the necessary wire-transfer services to support the City's investment transactions and is therefore not a counterpart to the investment transactions. As such, these investments are not subject to custodial credit risk since the fiscal agent bank is not a party to the original investment purchases and is only holding the book-entry securities in a securities safekeeping account in the name of the City of Lake Charles.

B. Receivables

Receivables as of year end for the City of Lake Charles's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectable accounts are as follows:

Governmental-type Activities	General	Riverboat Gaming	Wastewater	Debt Service
Receivables:				
Accounts	\$1,729,138	\$ 0	\$1,662,107	\$ 0
Taxes	2,998,184	1,129,050	275,729	0
Property standards & special assessment	2,174,698	0	0	1,080,658
Interest	20,229	82	2,122	641
Intergovernmental	118,348	0		0
Gross receivables	7,040,597	1,129,132	1,939,958	1,081,299
Less: allowance for uncollectable	(1,127,120)	0	(497,220)	(540,329)
Net total receivables	\$5,913,477	\$1,129,132	\$1,442,738	\$540,970

Governmental-type Activities (continued)	Capital Projects	Non-major Funds	Internal Service	Total Governmental Activities
Receivables:				
Accounts	\$ 25,000	\$ 96,232	\$1,697,952	\$ 5,210,429
Taxes	482,526	137,865	0	5,023,354
Property standards & special assessment	196,865	0	0	3,452,221
Interest	101,369	3,433	6,391	134,267
Intergovernmental	1,888,231	1,672,494	0	3,679,073
Less: allowance for uncollectible	0	(1,017,290)	0	(3,181,959)
Net total receivables	\$2,693,991	\$ 892,734	\$1,704,343	\$14,317,385

NOTES TO FINANCIAL STATEMENTS

Receivables as of year end for the City of Lake Charles's individual enterprise funds in the aggregate, including the applicable allowances for uncollectable accounts are as follows:

Business-type Activities	Civic Center	Golf Course	Public Transit	Water	Total Business-Type Activities	Total Government
Receivables:						
Accounts	\$ 49,052	\$ 465	\$ 0	\$1,357,517	\$1,407,034	\$ 6,617,463
Taxes	0	0	0	0	0	5,023,354
Property standards & special assessment	0	0	0	0	0	3,452,221
Interest	0	0	0	13,047	13,047	147,314
Intergovernmental	108,867	0	329,403	0	438,270	4,117,343
Gross receivables	157,919	465	329,403	1,370,564	1,858,351	19,357,695
Less: allowance for uncollectable	0	0	0	(491,544)	(491,544)	(3,673,503)
Net total receivables	\$157,919	\$ 465	\$ 329,403	\$ 879,020	\$1,366,807	\$15,684,192

Intergovernmental receivables consisted of the following, net of uncollectable allowance of \$1,017,290:

Governmental-type activity:	
Calcasieu Parish Police Jury	\$ 112,485
Lake Charles City Court	30,607
U.S. Department of Justice	68,872
Community Development Grant	49,324
US Treasury	0
LA Department of Treasury	23,917
LA Facility and Planning	94,929
LA Commission on Law Enforcement and Admin. of Criminal Justice Grant	57,106
LA Department of Environmental Quality	855,492
Environmental Protection Agency	291,000
LA Department of Military Affairs	396,521
Housing & Urban Development Disaster Recovery Grants	622,781
Housing & Urban Development Emergency Grants	58,749
Total Governmental-type activities	2,661,783
Business-type activity:	
Mass Transit Operating Assistance Grant	323,468
Federal Transit Administration – Capital Funding	5,935
LA Department of Military Affairs	7,876
Housing & Urban Development – Disaster Recovery Unit – Capital Funding	100,991
Total Business-type activities	438,270
Total primary government	\$3,100,053

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2013 was as follows:

Primary Government

Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 16,612,880	\$ 77,600	\$ (800,699)	\$ 15,889,781
Construction in progress	49,870,089	17,201,858	(11,833,123)	55,238,824
Total capital assets, not being depreciated	66,482,969	17,279,458	(12,633,822)	71,128,605
Capital assets being depreciated:				
Buildings	48,508,579	6,995	0	48,515,574
Improvements	52,779,123	2,840,142	0	55,619,265
Machinery & Equipment	30,276,661	3,419,914	(914,850)	32,781,725
Infrastructure	260,409,984	10,945,320	0	271,355,304
Total capital assets being depreciated	391,974,347	17,212,371	(914,850)	408,271,868
Less accumulated depreciation for:				
Buildings	(16,607,617)	(2,103,862)	0	(18,711,479)
Improvements	(21,766,575)	(2,207,430)	0	(23,974,005)
Machinery & Equipment	(22,241,868)	(2,451,030)	905,828	(23,787,070)
Infrastructure	(97,958,007)	(5,644,684)	0	(103,602,691)
Total accumulated depreciation	(158,574,067)	(12,407,006)	905,828	(170,075,245)
Total capital assets, being depreciated, net	233,400,280	4,805,365	(9,022)	238,196,623
Governmental activities capital assets, net	\$299,883,249	\$22,084,823	\$(12,642,844)	\$309,325,228

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$30,164 with accumulated depreciation of \$27,668. The remaining value of assets at September 30, 2013 equaled \$2,496, and this total is included in the net asset statement for the governmental-type activities.

NOTES TO FINANCIAL STATEMENTS

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,104,506	\$ 0	\$ 0	\$ 2,104,506
Construction in progress	5,360,730	1,262,471	(4,664,068)	1,959,133
Total capital assets, not being depreciated	7,465,236	1,262,471	(4,664,068)	4,063,639
Capital assets being depreciated:				
Buildings	21,447,220	4,215,413	0	25,662,633
Improvements	88,793,296	1,667,500	0	90,460,796
Machinery & Equipment	7,793,616	189,887	(59,738)	7,923,765
Total capital assets being depreciated	118,034,132	6,072,800	(59,738)	124,047,194
Less accumulated depreciation for:				
Buildings	(19,017,879)	(147,547)	0	(19,165,426)
Improvements	(33,015,841)	(2,403,062)	0	(35,418,903)
Machinery & Equipment	(4,506,863)	(517,089)	59,738	(4,964,214)
Total accumulated depreciation	(56,540,583)	(3,067,698)	59,738	(59,548,543)
Total capital assets, being depreciated, net	61,493,549	3,005,102	0	64,498,651
Business-type activities capital assets, net	\$68,958,785	\$ 4,267,573	\$(4,664,068)	\$68,562,290

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	\$ 9,803
Public safety	1,646,732
Public works	8,923,026
Planning and development	25,976
General services	306,179
Community services	1,492,567
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	2,723
Total depreciation expense – governmental activities	\$12,407,006
Business-type activities:	
Civic Center	\$ 995,735
Golf Course	209,723
Transit	276,548
Water	1,585,692
Total depreciation expense – business-type activities	\$ 3,067,698

NOTES TO FINANCIAL STATEMENTS

D. Discretely presented component units

Capital asset activity for the year ended December 31, 2012 was as follows for City Court:

	Balance 1/01/2012	Additions	Deletions	Balance 12/31/2012
Governmental activities:				
Equipment	\$434,489.	\$11,823	\$ 0	\$446,312
Furniture and fixtures	17,014	10,759	0	27,773
Totals at historical cost	451,503	22,582	0	474,085
Less accumulated depreciation:				
Equipment	(388,330)	(17,059)	0	(405,389)
Furniture and fixtures	(14,737)	(2,166)	0	(16,903)
Total accumulated depreciation	(403,067)	(19,225)	0	(422,292)
Governmental activities capital assets, net	\$ 48,436	\$ 3,357	\$ 0	\$ 51,793

Capital asset activity for the year ended December 31, 2012 was as follows for City Marshal:

	Balance 1/01/2012	Additions	Deletions	Balance 12/31/2012
Governmental activities:				
Automobiles & equipment	\$497,188	\$ 98,003	\$(45,017)	\$550,174
Furniture and fixtures	8,476	0	0	8,476
Totals at historical cost	505,664	98,003	(45,017)	558,650
Less accumulated depreciation:				
Equipment	(350,532)	(80,096)	42,920	(387,708)
Furniture and fixtures	(8,472)	0	0	(8,472)
Total accumulated depreciation	(359,004)	(80,096)	42,920	(396,180)
Governmental activities capital assets, net	\$ 146,660	\$ 17,907	\$(2,097)	\$ 162,470

E. Construction commitments

The City had total commitments of \$7,801,547 with contractors for unfinished construction projects as of September 30, 2013 categorized as follows:

Project type	Expended to Date	Remaining Commitment
Streets and storm drainage	\$ 21,353	\$ 343,559
Waterlines	142,858	383,998
Sanitary sewer rehabilitation	959,459	2,228,029
Wastewater facility improvements	87,288	1,641,712
Civic Center Improvements	632,067	3,001,894
Other governmental facilities	4,402,579	202,355
Total	\$6,245,604	\$7,801,547

All remaining commitments are financed from City revenues previously received.

NOTES TO FINANCIAL STATEMENTS

F. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2013 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Fund	\$2,887
	Non-major Governmental Funds	179,842
	Civic Center Fund	178,851
	Transit Fund	47,322
	Golf Course	147,887
	Water Fund	203,069
Riverboat Gaming Fund	General Fund	82,870
	Non-Major Governmental Funds	32,274
Capital Projects Fund	Riverboat Gaming Fund	500,000
Debt Service Fund	General Fund	21,333
Non-major Governmental Funds	General Fund	27,495
Internal Service Fund	General Fund	400,468
	Internal Service Funds	27
	Golf Course	54
	Water Fund	108
	Wastewater	54
	Non-Major Governmental Funds	54
Total		\$1,824,595

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and the payments between funds are made.

Interfund transfers:

Transfer out:	General Fund	Riverboat Fund	Wastewater Fund	Capital Project Fund	Other Special Revenue Funds	Internal Service Funds
Transfer in:						
General Fund	\$ 0	\$ 887,130	\$ 0	\$ 0	\$ 0	\$750,000
Debt Service	253,705	4,626,092	3,318,675	2,089,154	0	0
Capital Projects	0	3,900,000	4,040,000	0	0	0
Non-major Governmental	1,282,492	570,138	0	0	250,000	0
Civic Center	931,549	400,000	0	443,000	400,000	0
Golf Course	397,777	250,000	0	0	0	0
Transit	809,720	0	0	0	0	0
Water	0	0	0	481,879	0	0
Internal Service	400,000	0	0	0	0	0
Total	\$ 4,075,243	\$10,633,360	\$7,358,675	\$3,014,033	\$ 650,000	\$750,000

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due. Unrestricted general fund revenues are transferred to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and proprietary fund operations.

NOTES TO FINANCIAL STATEMENTS

Amounts recorded in the Capital Project Fund to the Water Fund are a transfer of capital assets that were paid for with bond proceeds and then transferred to the Proprietary Funds where they are recorded as capital contributions from the governmental funds. Excess reserves in the Employee Insurance Internal Service Fund were transferred to the General Fund to offset health insurance costs.

G. Long-Term Debt

Bonds payable as of September 30, 2013 are comprised of the following individual issues and are entirely related to governmental activities:

<u>\$9,055,000</u> Series 1998B Taxable Pension Refunding Bonds due in annual amounts of \$805,000 in 2014; interest rates of 7.77% to 6.55%	805,000
<u>\$34,480,000</u> 2007 Fixed rate Revenue Bonds – LCDA for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,110,000 to \$2,555,000 through 2027; interest rates of 4% to 5%.	26,995,000
<u>\$17,735,000</u> 2009 Revenue Refunding Bonds – LCDA Original issue was for construction of sewer treatment facility due in amounts of \$1,270,000 to \$1,750,000 through 2021; interest rates of 2% to 4%.	12,290,000
<u>\$39,280,000</u> 2010 Fixed rate Revenue Bonds – LCDA for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,575,000 to \$3,200,000 through 2027; interest rates of 2% to 4.125%.	34,165,000
Total bonds payable	<u>\$74,255,000</u>

The Revenue Bonds are subject to arbitrage rules. An arbitrage rebate in the amount of \$493,061 was paid in the previous fiscal year for the 2007 bond issue. Additional calculations will be done in the future as required.

Annual debt service requirements to maturity of the bonds are as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2014	5,445,000	3,240,196	8,685,196
2015	4,790,000	3,033,969	7,823,969
2016	4,950,000	2,882,344	7,832,344
2017	5,150,000	2,684,344	7,834,344
2018	5,380,000	2,452,044	7,832,044
2019	5,625,000	2,209,269	7,834,269
2020	5,860,000	1,969,237	7,829,237
2021	6,125,000	1,711,688	7,836,688
2022	4,570,000	1,442,337	6,012,337
2023	4,800,000	1,213,838	6,013,838
2024	5,020,000	989,700	6,009,700
2025	5,275,000	738,700	6,013,700
2026	5,510,000	504,500	6,014,500
2027	5,755,000	259,750	6,014,750
Total	\$ 74,255,000	\$ 25,331,916	\$ 99,586,916

NOTES TO FINANCIAL STATEMENTS

Changes in long-term liabilities:

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Balance 10/01/2012	Additions	Reductions	Balance 9/30/2013	Due within one year
Governmental activities:					
Bonds payable:					
Pension refunding bonds payable	\$1,930,000	\$ 0	\$(1,125,000)	\$ 805,000	\$ 805,000
Revenue Bonds LC Public Imp 2007	28,370,000	0	(1,375,000)	26,995,000	1,430,000
Deferred amount of revenue bonds	808,565	0	(55,129)	753,436	55,129
Revenue Refunding Bonds	13,610,000	0	(1,320,000)	12,290,000	1,360,000
Deferred amount of revenue bonds	352,828	0	(39,203)	313,625	39,203
Revenue Bonds LC Public Imp 2010	35,960,000	0	(1,795,000)	34,165,000	1,850,000
Deferred amount of revenue bonds	1,470,503	0	(100,262)	1,370,241	100,262
Total bonds payable	82,501,896	0	(5,809,594)	\$76,692,302	\$5,639,594
Compensated absences	3,227,283	433,912	(408,846)	3,252,349	200,000
Other post employment benefits	1,444,159	518,257	(325,493)	1,636,923	0
Police Benefit Guarantee	77,683	0	(20,385)	57,298	20,385
Lake Charles City Court building loan	2,905,000		(100,000)	2,805,000	105,000
DEQ loan	5,140,268	833,344	(958,000)	5,015,612	967,000
Cooperative endeavor-Sales Tax Dist 3	2,714,492	0	(350,000)	2,364,492	350,000
Long-term liabilities	\$ 98,010,781	\$1,785,513	\$(7,972,318)	\$91,823,976	\$7,281,979
Business-type activities:					
Compensated absences	\$ 556,193	\$ 35,286	\$ (4,267)	\$ 587,212	\$ 5,000
Other post employment benefits	198,437	66,438	(43,933)	220,942	0
Long-term liabilities	\$ 754,630	\$ 101,724	\$ (48,200)	\$ 808,154	\$ 5,000

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$83,682 of internal service compensated absences and \$19,340 OPEB liabilities are included in the above statement.

In the current year compensated absences were paid from the following governmental funds:

General Fund	Wastewater Fund	Other Special Revenue Funds
\$360,064	\$25,776	\$23,006

In the current year other post-employment benefits are paid primarily from the General Fund.

NOTES TO FINANCIAL STATEMENTS

5. Other Information

A. Risk Management

As of July 1, 1986 the City became self-insured with regard to workmen's compensation, auto liability, general liability, and a portion of police professional liability risk. The Risk Management Fund was established as an internal service fund at that date to account for all claims, expenses and administrative costs related to these self-insured and retained risks. The fund uses a third party administrator to service and estimate claim losses, and uses both in-house legal staff and outside counsel for defense of self-insured claims. Excess risk or stop-loss coverages are used to limit retained risk where feasible, and the cost of such coverages is also paid through the Risk Management Fund.

As an internal service activity, the Risk Management Fund is a proprietary fund in which both current and long-term liabilities for claims and losses are recognized and reported when the liability is incurred. Financial resources are provided to the fund primarily through internal service charges that are distributed among other departments and funds in proportion to estimated risk and prior loss experience. A portion of the fund's accumulated resources is designated for catastrophic losses as provided by authorizing ordinance. Any remaining fund equity is reserved for subsequent workmen's compensation and liability claims on an aggregate basis.

The Risk Management Fund also accounts for payment of hazard insurance premiums and third party claims administration services under a comprehensive risk limitation and insurance program. Under this program, the City's retained risk for all auto liability and general liability is generally limited to a maximum of \$500,000 per claim or loss. The City's self insured retention for workmen's compensation is \$550,000 for all employees.

Total net position at September 30, 2013 were \$4,467,784. Specific ordinance authorization is required for payment of any claim in excess of \$100,000 or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

The City established a self-insurance program for employee health benefits as of January 1, 1993 and accounts for this program through a separate internal service fund. Total net position of that fund at September 30, 2013 was \$5,477,453. The amount of risk retained by the fund during 2013 was limited to \$135,000 per claimant through use of purchased stop-loss coverage.

Changes in the balances of claims liabilities during the past year are as follows:

	Risk Management	Employee Insurance	Totals
Unpaid claims, beginning of fiscal year 2012:	\$6,352,705	\$1,350,000	\$7,722,705
Incurred and adjusted claims	3,442,631	5,721,722	9,164,353
Claim payments	(3,744,538)	(5,521,722)	(9,266,260)
Unpaid claims, beginning of fiscal year 2012:	6,050,798	1,550,000	7,600,798
Incurred and adjusted claims	958,063	5,542,967	6,501,030
Claim payments	(2,171,799)	(5,542,967)	(7,714,766)
Total unpaid claims September 30, 2013:			
Current claims due within one year	3,260,903	1,550,000	4,810,903
Long-term claims due one year or more	1,576,159	0	1,576,159
Total unpaid claims September 30, 2013	\$4,837,062	\$1,550,000	\$6,387,062

NOTES TO FINANCIAL STATEMENTS

B. Property Tax

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2013 and 2012:

Tax	Fiscal year 2013	Fiscal year 2012
General Alimony	6.07	6.07
Special recreation	1.70	1.70
Employee salary	5.27	5.27
Special street improvement	2.31	2.31
Totals	15.35	15.35

C. Contingencies and Commitments

The City has a number of outstanding contracts the breach of any of which could result in a liability to the City. The amount of the liability to the City at September 30, 2013, if any, is not estimable.

D. Joint Service Agreements

The City of Lake Charles and the Calcasieu Parish Police Jury entered into a joint service agreement, with an effective date of January 1, 2010, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement was for the calendar year 2010 through 2012, with an optional renewal period of three years. The City agreed to fund one-half of the operating budget, after the reduction for self-generated revenue and other specified grant revenue. The fifty percent amount is based on the average service call breakdown between the City and the Parish. The 2013 payment was \$547,117.

The City of Lake Charles and the Calcasieu Parish Police Jury are statutorily required to fund the operations of the Ward Three Court and Marshal's Office. The Parish paid the City \$229,210 in 2013 under this agreement.

On July 20, 2004, the City and the Calcasieu Parish Police Jury entered into a joint services agreement regarding the management of Fire Protection District 2 of Ward 3. In that agreement, the Parish dissolved the existing board of directors and assumed that responsibility. The City of Lake Charles assumed the day to day management of those operations, which would be inclusive of any budgetary decision making requirements. The Parish would continue to collect the property tax revenue on behalf of the District while paying the City for their management services. The ownership of the District's assets would not be transferred under this joint services agreement, and any costs associated with major improvements or capital expenditures would remain the responsibility of the District. The fee for the management services provided is the full amount of the property tax collections and the state revenue sharing collections paid to the District. In 2013, the Parish remitted \$ 1,688,477 to the City. The activity of this District is presented as a blended component unit of the Parish since the Police Jury's and the District's governing board are the same.

E. Gaming Activity and Agreements

In 2007, the City of Lake Charles and the Calcasieu Parish Police Jury entered into a cooperative endeavor agreement thereby creating the Calcasieu Parish Gaming Revenue District which is responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and the City of

NOTES TO FINANCIAL STATEMENTS

Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton and the Town of Iowa. Specifically excluded from the definition of gaming revenues to be collected by the new district is the annual cash payment received by the Parish from the Isle of Capri. The City received \$9,691,942 during fiscal year 2013 as a result of this agreement.

F. Other Postemployment Benefits Other than Pensions (OPEB)

For the fiscal year ended September 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future, upon retirement, and whose costs will be borne by the City in the future. This statement attempts to quantify the future "retirement" costs that have been earned by the employee during his active years of employment. The City will finance the postemployment benefits on a "pay-as-you-go" basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment.

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of our current employees once they retire, not just the liability referred to above that is actually recognized in the statements of net position. The City contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 for the fiscal year ended September 30, 2013. GASB Statement No. 45 requires biennially valuations for plans with memberships exceeding 200. The projected unit credit actuarial cost method was used for the September 30, 2008, September 30, 2010, and September 30, 2012 actuarial valuations. The schedule of funding progress are presented immediately following the financial statements as required supplementary information. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Valuation Reports for the City of Lake Charles – GASB 45 Actuarial Valuation – is available at City of Lake Charles, 326 Pujo Street, Lake Charles, LA 70601.

Plan Description: The City OPEB Plan is a single employer defined benefit plan. Employees are eligible for retiree health benefits if they are eligible for a pension from their respective retirement system and they are enrolled in the City of Lake Charles health plan at the time of retirement. City employees may retire upon attaining (1) age 60 with 10 years of service; or (2) at any age with 30 years of service. Police employees may retire upon attaining (1) age 55 with 12 years of service; or (2) at any age with 20 years of service. Fire employees may retire upon attaining (1) age 55 with 12 years of service; (2) age 50 with 20 years of service; or (3) at any age with 25 years of service. In addition, if an employee becomes disabled under the terms of his retirement system, he shall be eligible for medical benefits. City employees must have 10 years of service at time of disability. Police and fire employees must have 5 years of service at time of disability.

Upon election, spouses and children are eligible for coverage. In the event of death after satisfying the criteria for retirement, but prior to actual retirement, a surviving spouse and dependants are eligible for benefits. Participants over 65 are covered under a retiree-pay-all Medicare Advantage plan.

The City does offer dental and vision benefits to its retirees. However, those benefits are fully insured and retiree-pay-all, so the City has no liability for those benefits. A life benefit of \$10,000 is available at retirement. The current cost of the life insurance is \$7.10 per month and is completely paid by the retirees. Therefore, there is no liability to the City for life insurance benefits.

Funding Policy: The contribution requirements of the retirees and the participating employees are established in the annual operating budget and may be amended in the subsequent year by City management. As stated previously, the required contribution is based on projected pay-as-you-go financing requirements. The employer contribution to the OPEB plan for 2013 was \$266,653. For coverage under the plan prior to age 65,

NOTES TO FINANCIAL STATEMENTS

retirees pay the active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2013 consisted of \$556 per month for retiree only and \$1,112 for retiree and dependent coverage. Retirees over age 65 pay a range between \$137 and \$220 per month, depending on their age, for Medicare Supplements Part B and D. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. The cost of the Medicare Advantage plan is completely paid by the retiree. Therefore, there is no post retirement benefit increase/liability to the City after age 65.

Actuarial Methods and Assumptions: All calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of such valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial valuations for the OPEB plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations of the OPEB plan also reflect a long-term perspective and liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Projections of benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial cost method and assumptions used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2012 actuarial valuations. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data as stated. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service to expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level dollar over 26 years beginning October 1, 2012. Because the City currently finances OPEB using a "pay-as-you-go" approach, the discount rate of 4 percent was based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. Life expectancies for the 2013 actuarial valuation report were based on the RP 2000 Male and Females Tables which is consistent with the 2008, 2010, and 2012 valuation reports. Turnover rates for the valuation reports were based on the City's historical data and modified based on years of employment.

For Municipal Employees, demographic assumptions regarding retirement, turnover and disability are based on statistics taken from the Municipal Employees' Retirement System of Louisiana (MERSLA) pension valuation. For Police and Fire, demographic assumptions are based on statistics taken from the Louisiana Municipal Police Employees' Retirement System (LAMPERS) valuation.

To determine the future trend rate assumptions, the Actuarial Valuation considered both near term and long term expectations of healthcare inflation. For the near term, the Actuarial selected trend rates within the range of factors included in Milliman's Health Cost Guidelines for 2012 based on industry data. For the long term, the Actuarial used trend rates from the Getzen model for projecting long term healthcare trends. The Getzen model was developed by the Society of Actuaries (SOA) as a resource for the estimation of reportable liabilities for retiree healthcare benefits.

Inflation Rate Assumptions: The 2013 actuarial valuation assumed a healthcare cost inflation rate of 7.6% decreasing to an ultimate rate of 4.4% in 2098 and beyond. A 1% inflation factor was utilized each year. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. The 2013 actuarial valuation also assumes that (1) the discount rate for valuing liabilities without prefunding is 4 percent per annum, compounded annually; (2) the pre-retirement and post-retirement mortality rates were

NOTES TO FINANCIAL STATEMENTS

based on the sex distinct RP 2000 with projection scale AA and the post-disablement mortality rates were based on the sex distinct RP 2000 disabled with projection scale AA; (3) for Municipal Employees, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Municipal Employees' Retirement System of Louisiana (MERSLA) 2012 City pension valuation; (4) for Police and Fire, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Louisiana Municipal Police Employees' Retirement System (LAMPERS) 2012 Police/Fire pension valuation; (5) the disability rates used at age 35 for Municipal Employees (from MERSLA report) was at .034% to .404% at age 55 and Police/Fire Employees (from LAMPERS report) at age 35 at .068% to age 55 at .808%; (6) the withdrawal rates for Municipal Employees (from MERSLA report-Plan B) from 0-1 year of service were at a rate of 26% to over 20 years of service at a rate of 2%. The withdrawal rate for Police and Fire (from LAMPERS report) from age 20-23 was 8.5% and age 50-63 was 5%. For the Police and Fire, during the first four years of employment, the probability of terminating was 125%, 120%, 115%, and 110% respectively, of the attained age rate; (7) the retirement rates for Municipal Employees (from MERSLA report for Plan B) for age 46-54 was 6% and to over age 66, the retirement rate was 100%. The Police and Fire (from LAMPERS report) retirement rate for age 47-54 was 8% and over age 66 was 100%; (8) 25% of members are assumed to elect coverage at retirement; (9) it was assumed that husbands are three years older than their wives for active employees. Also, it was assumed that 25% of active participants making it to retirement are married and elect spouse coverage; (10) the trend assumptions for medical and pharmacy costs and retiree premiums are 7.6% pre-65 for fiscal year 2013 to 4.4% for fiscal year 2098 and beyond. The cost of the OPEB plan was derived by making certain specific assumptions as to rates of interest, mortality, turnover, which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan. The actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method. The normal cost is the actuarial present value of benefits allocated to the valuation year. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.

In determining the Annual Required Contribution, the Unfunded Actuarial Accrued Liability (AAL) is amortized as a level dollar over 26 years as of October 1, 2012. The unfunded actuarial liability as of October 1, 2008 was amortized over the maximum permissible period under GASB 45 of 30 years. The valuation assets are equal to the market value of assets as of the valuation date. Unfunded actuarial accrued liability is the difference between the Actuarial Accrued Liability and the Valuation Assets.

Annual OPEB Cost and Net OPEB Obligation: The City annual OPEB costs were calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, which if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the October 1, 2012 actuarial valuation performed by an outside actuary consultant. The following table shows the components of the City's annual OPEB costs for the year and the amount estimated to have been contributed to the plan during the year:

Determination of Net OPEB Obligation	Governmental Activities	Business-Type Activities	Total
Annual required contribution (ARC)	\$ 460,490	\$ 58,501	\$ 518,991
Interest on prior year Net OPEB Obligation	57,767	7,937	65,704
Adjustment to ARC	(90,551)	(12,222)	(102,773)
Annual OPEB Cost	427,706	54,216	481,922
City contributions made	(234,942)	(31,711)	(266,653)
Increase in Net OPEB Obligation	192,764	22,205	215,269
Net OPEB Obligation – beginning of year	1,444,159	198,437	1,642,596
Net OPEB Obligation – end of year	\$ 1,636,923	\$ 220,942	\$ 1,857,865

NOTES TO FINANCIAL STATEMENTS

Trend Information for OPEB Plan:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$642,116	34%	\$ 424,116
9/30/2010	\$642,116	41%	\$ 805,231
9/30/2011	\$697,183	37%	\$1,243,413
9/30/2012	\$697,183	43%	\$1,642,596
9/30/2013	\$481,922	55%	\$1,857,865

Funding Status and Funding Progress: The following is a Schedule of Funding Status and Funding Progress for the OPEB Plan based on the current actuarial valuation:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/01/2008	\$0	\$6,063,254	\$6,063,254	0%	\$23,558,095	25.74%
10/01/2010	\$0	\$6,402,679	\$6,402,679	0%	\$23,900,000	26.79%
10/01/2012	\$0	\$4,928,516	\$4,928,516	0%	\$25,311,382	19.47%

G. Other Postemployment Benefits – Police Benefit Guarantee

In connection with a 1983 merger of the former Lake Charles Police Pension and Relief Fund into the state-administered Municipal Police Employees Retirement System (MPERS), the City contractually guaranteed the continued availability of early retirement benefits to merged police employees with twenty or more years of service, for transitional benefit payments to those electing to terminate employment prior to attainment of the then-existing normal retirement age for commencement of MPERS pension benefits. As a result of subsequent liberalization of MPERS benefits, relatively few of the eligible participants have elected to receive the temporary City benefit prior to normal retirement under MPERS.

As of September 30, 2013, the City was paying post-employment benefits to one participant who will be eligible to receive benefits from MPERS at age 60 so the maximum liability is known and reported below. Total payments during the year then ended were \$20,385; the maximum liability for subsequent payments was established at \$57,298 that is recorded as a long-term liability. Payments are funded on a cash basis through a related debt service fund, which is supported by periodic General Fund transfers. The balance available in the Debt Service Fund as of September 30, 2013 was \$73,135, which exceeds the maximum future liability.

H. Retirement Commitments

The City participates in three state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System, Municipal Police Employees' Retirement System and Firefighters' Retirement System of the State of Louisiana. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the City's participation in these systems are provided below.

NOTES TO FINANCIAL STATEMENTS

Municipal Employees' Retirement System

This system covers full-time municipal employees who are not eligible to participate in other state-administered defined benefit plans. Membership is generally mandatory for such employees of participating municipalities. The City of Lake Charles participates in "Plan B" of this system, in which employees are subject to federal social security coverage. Prior to January 1, 2013 a member of Plan B could retire at any age with 30 years of creditable service or at age 60 with 10 years of service. Benefits vest after 10 years of service and have historically been equal to two percent of the member's final three-year average salary times the number of years of creditable service.

Retirement legislation effective January 1, 2013 changed the eligibility requirement as follows:

- 7 years or more of service credit, at age 67
- 10 years or more of service credit, at age 62
- 30 years or more of service credit, at age 55
- 25 years of service credit at any age but shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section.

For those members retiring or entering DROP on or after January 1, 2013, and on or before December 31, 2014, and whose first employment making them eligible for membership in the system began on or before June 30, 2006, the period used to calculate the monthly earning average final compensation shall be thirty-six (36) months plus the number of whole months since January 1, 2013. Beginning January 1, 2015, the final compensation will be the average monthly earnings during the highest sixty (60) consecutive or joined months.

Active plan members are required to contribute 5 percent of regular earnings, and the City is required to contribute at an actuarially determined rate, which was at 8 percent of covered payroll from July 1, 2011 through June 30, 2013. Effective July 1, 2013 the employer share was increased to 8.75 percent.

The City of Lake Charles and their employees contributed to Plan B of Municipal Employees Retirement System a total of \$1,785,696; \$1,833,414; and \$1,629,516 for the years ended September 30, 2013, 2012 and 2011 respectively, which equals the required contribution for each year.

The Municipal Employees' Retirement System issues a publicly available financial report, which may be obtained by writing to that system at 9737 Office Park Boulevard, Baton Rouge, LA 70809.

Municipal Police Employees' Retirement System

This system, which covers full-time police personnel in participating municipalities, provides a pension benefit of three and one-third percent of average final salary for each year of service, with normal retirement eligibility ranging from age 55 with 12 years of service to any age with 25 years of service. Active plan members historically have been required to contribute 7.5 percent of covered earnings; this rate was increased on July 1, 2011 to 10 percent in an effort to reduce employer required contributions. The City is required to contribute an actuarially determined rate, which has been 31 percent of covered payroll since July 1, 2012; increasing from 26.5 percent at fiscal year end 2011; and 25 percent at fiscal year end 2010.

The City of Lake Charles and their employees contributed a total of \$3,115,808; \$3,001,885; and \$2,610,054 to the Municipal Police Employees' Retirement System for fiscal years ended September 30, 2013, 2012 and 2011 respectively, which equals the required contributions for each year. The financial report issued by this system may be obtained from Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017.

NOTES TO FINANCIAL STATEMENTS

Firefighters' Retirement System of the State of Louisiana

This system, which covers full-time fire department employees who are not members of other retirement systems, has the same contribution requirements and major benefits provisions as the Municipal Police Employees' Retirement System described above. Employees have historically been required to contribute 8 percent of covered earnings; this rate increased to 10 percent on July 1, 2011 in an effort to reduce the employer required contributions. The City is required to contribute an actuarially determined rate, which was 28.25 percent at fiscal year end. The City was contributing 24 percent at the end of fiscal year 2012; 23.25 percent of covered payroll at fiscal year end 2011, and 21.5 percent of covered payroll at fiscal year end 2010.

The City of Lake Charles' employee and employer contributions to this plan were \$2,575,940; \$2,423,257; and \$2,203,433 for the years ended September 30, 2013, 2012 and 2011 respectively, which equals the required contributions for each year. The financial report for this system may be obtained from Firefighters' Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

I. Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development, Environmental Protection Agency, and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2013 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Federal and state governmental units represent an important source of supplemental funding used to finance housing, construction and infrastructure programs, and other activities beneficial to the City. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, Capital Project and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are subject to audit by the granting agency or its representative using standards established under the Single Audit Act of 1984 and OMB Circular A-133. The compliance audit report is not included within this report but will be issued as a separate supplementary report.

During fiscal year 2013 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2013
Community Development	\$ 899,596
Disaster Recovery Fund	15,045
Grant Fund	1,732,375
Capital Projects Fund	3,126,502
Civic Center Fund	100,991
Transit Enterprise Fund	1,628,111

NOTES TO FINANCIAL STATEMENTS

J. Dedication of Proceeds and Flow of Funds - Two and One-Quarter Percent Sales and Use Tax

One Percent Sales and Use Tax:

Proceeds of the one percent sales tax levied by the City of Lake Charles (2013 collections \$20,638,460; 2012 collections \$19,940,426; 2011 collections \$18,994,509;) are collected by the General Fund and may be used for virtually any operating or capital needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and has been re-authorized for an additional 25 years from March 1, 1990.

Additional Dedicated One Percent Sales Tax:

In November 1986, a sales tax election was held, and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996, and then for ten years through 2006. This tax was re-authorized in 2006 for an additional 10 years through 2016. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2013 collections \$20,638,460; 2012 collections \$19,940,426; 2011 collections \$18,994,510) were deposited directly to the funds for which they are dedicated on a percentage basis as follows:

General Fund	
Public safety purposes	20%
Public works purposes	28%
Wastewater Special Revenue Fund	
Wastewater or sanitary sewerage services or facilities	16%
Recreation Special Revenue Fund	
Recreation	8%
Capital Project Fund	
Certain types of capital improvements	28%

Additional One-Quarter Percent Sales Tax:

The voters approved an additional sales tax levy of one-quarter of one percent in January 1995 for the purpose of maintain the salaries and benefits of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. This tax has been reauthorized for ten years, extending through 2015. The revenues from this tax are recorded exclusively in the General Fund. Collections for September 30, 2013 totaled \$5,159,621; \$4,985,113 in fiscal year 2012 and \$4,750,340 in 2011.

NOTES TO FINANCIAL STATEMENTS

K. Schedule of Compensation Paid to Governing Board

	Salary	Per Diem	Mileage Reimbursement	Total
Mayor:				
Randy Roach	\$118,465	\$ 0	\$ 0	\$118,465
Councilmen:				
Luvertha August	12,000	0	0	12,000
Mark Eckard	12,000	164	0	12,164
Rodney Geyen	12,000	196	219	12,415
John Ieyoub	12,000	0	0	12,000
Dana Carl Jackson	12,000	184		12,184
Mary Morris	3,000	0	0	3,000
Marshall Simien, Jr.	9,000	0	0	9,000
Stuart Weatherford	12,000	0	0	12,000
Total	\$202,465	\$ 544	\$219	\$203,228

L. Subsequent Events

Subsequent events have been evaluated by management through March 26, 2013, the date the financial statements were available to be issued. Various current and former fire and police employees have filed suit against the City seeking additional supplemental pay. The City has settled with the fire employees; and although the police litigation involves some similar issues and a similar number of potential claimants, there has been neither a determination of liability nor a firm assessment of the dollar value of the claims in that lawsuit. Moreover, there are issues in the police litigation regarding the propriety of class certification which did not exist in the firefighter litigation. Therefore a specific amount of liability cannot be reported at this time.

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF LAKE CHARLES, LOUISIANA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 45,420,950	\$ 45,420,950	\$ 46,109,304	\$ 688,354
Licenses and permits	6,131,525	6,131,525	6,349,383	217,858
Intergovernmental	2,434,058	2,434,058	2,509,007	74,949
Charges for services	2,256,895	2,256,895	2,491,654	234,759
Fines and forfeitures	325,800	325,800	247,061	(78,739)
Miscellaneous	804,600	804,600	622,650	(181,950)
Total revenues	<u>57,373,828</u>	<u>57,373,828</u>	<u>58,329,059</u>	<u>955,231</u>
Expenditures:				
Current:				
General government	3,094,208	3,094,208	2,892,999	201,209
Finance	1,563,104	1,563,104	1,524,491	38,613
Human Resources	337,638	337,638	309,113	28,525
Fire	13,637,059	13,637,059	13,523,625	113,434
Police	17,134,362	17,134,362	17,131,824	2,538
Public works	15,007,384	15,007,384	13,694,611	1,312,773
Planning	2,027,097	2,027,097	1,821,732	205,365
General services	4,629,270	4,629,270	4,453,969	175,301
Total expenditures	<u>57,430,122</u>	<u>57,430,122</u>	<u>55,352,364</u>	<u>2,077,758</u>
Excess (deficiency) of rev over exp	<u>(56,294)</u>	<u>(56,294)</u>	<u>2,976,695</u>	<u>3,032,989</u>
Other financing sources (uses):				
Transfers in	1,720,000	1,720,000	1,637,130	(82,870)
Transfers out	(4,231,635)	(4,231,635)	(4,075,243)	156,392
Total other financing sources (uses)	<u>(2,511,635)</u>	<u>(2,511,635)</u>	<u>(2,438,113)</u>	<u>73,522</u>
Net change in fund balances	<u>(2,567,929)</u>	<u>(2,567,929)</u>	<u>538,582</u>	<u>3,106,511</u>
Fund balance at beginning of year	<u>25,356,964</u>	<u>25,356,964</u>	<u>25,356,964</u>	<u>-</u>
Fund balance at end of year	<u>\$ 22,789,035</u>	<u>\$ 22,789,035</u>	<u>\$ 25,895,546</u>	<u>\$ 3,106,511</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 9,700,000	\$ 9,700,000	\$ 9,691,942	\$ (8,058)
Miscellaneous	7,000	7,000	6,508	(492)
Total revenues	<u>9,707,000</u>	<u>9,707,000</u>	<u>9,698,450</u>	<u>(8,550)</u>
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>9,707,000</u>	<u>9,707,000</u>	<u>9,698,450</u>	<u>(8,550)</u>
Other financing sources (uses):				
Transfers out	<u>(10,718,504)</u>	<u>(10,718,504)</u>	<u>(10,633,360)</u>	<u>85,144</u>
Total other financing sources (uses)	<u>(10,718,504)</u>	<u>(10,718,504)</u>	<u>(10,633,360)</u>	<u>85,144</u>
Excess (deficiency) of rev and other sources over exp and other uses	(1,011,504)	(1,011,504)	(934,910)	76,594
Fund balance at beginning of year	<u>4,059,125</u>	<u>4,059,125</u>	<u>4,059,125</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,047,621</u>	<u>\$ 3,047,621</u>	<u>\$ 3,124,215</u>	<u>\$ 76,594</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA
Wastewater Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Sales tax revenue	\$ 3,264,000	\$ 3,299,360	\$ 3,302,154	\$ 2,794
Charges for services	10,853,500	11,353,500	11,713,634	360,134
Miscellaneous	22,200	32,200	32,920	720
Total revenues	<u>14,139,700</u>	<u>14,685,060</u>	<u>15,048,708</u>	<u>363,648</u>
Expenditures:				
Personal services	2,855,360	2,749,260	2,685,876	63,384
Contractual and operational services	2,846,989	2,998,073	2,711,415	286,658
Materials & supplies	1,206,850	1,171,368	1,034,620	136,748
Special Current Charges	1,268,000	1,351,098	1,322,484	28,614
Capital outlay	916,000	583,400	268,451	314,949
Total expenditures	<u>9,093,199</u>	<u>8,853,199</u>	<u>8,022,846</u>	<u>830,353</u>
Excess (deficiency) of rev over exp	5,046,501	5,831,861	7,025,862	1,194,001
Other financing sources (uses):				
Transfers out	(6,818,675)	(7,358,675)	(7,358,675)	-
Total other financing sources (uses)	<u>(6,818,675)</u>	<u>(7,358,675)</u>	<u>(7,358,675)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	(1,772,174)	(1,526,814)	(332,813)	1,194,001
Fund balance at beginning of year	<u>7,544,471</u>	<u>7,544,471</u>	<u>7,544,471</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,772,297</u>	<u>\$ 6,017,657</u>	<u>\$ 7,211,658</u>	<u>\$ 1,194,001</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA
Other Postemployment Benefits –
Schedule of Funding Progress
For Fiscal Year Ended September 30, 2013

Schedule of Funding Progress
For the OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/01/2008	\$0	\$6,063,254	\$6,063,254	0%	\$23,558,095	25.74%
10/01/2010	\$0	\$6,402,679	\$6,402,679	0%	\$23,900,000	26.79%
10/01/2012	\$0	\$4,928,516	\$4,928,516	0%	\$25,311,382	19.47%

Only two years of trend information is available for presentation since 2009 was the first year for implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," and actuarial valuations are only required every two years.

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For Fiscal Year Ended September 30, 2013

Budget to Actual schedules that are included in the RSI section are reported on the same budgetary basis as GAAP.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Grant Fund – Accounts for funds received and expended for various categorical grant programs, including law enforcement grants and summer food service program.

Recreation Fund – Accounts for the operation and maintenance of recreational programs and facilities other than the Civic Center and Golf Course, and for the receipt and subsequent expenditure of dedicated taxes, user fees and other funds received for recreational services.

Central School Fund – Accounts for receipt and subsequent expenditure of funds for operation, maintenance and improvements of the Central School Arts and Humanities Center.

Special Event Fund – Accounts for receipt and subsequent expenditure of funds for special events and exhibit costs.

Facility Renewal Fund – Accounts for funds transferred from other sources to provide for long-term accumulation of funds for future maintenance and repair needs.

Disaster Recovery Fund – Accounts for the receipt of intergovernmental and miscellaneous revenue and subsequent expenditure of such funds necessary to recover from disasters.

Community Development – This fund accounts for the receipt and subsequent expenditure of federal funds received from the Department of Housing and Urban Development for housing and community development purposes, including related revenues which are restricted to such purposes by grant agreements. The principal revenue source accounted for within this fund is the Community Development Block Grant Program.

CITY OF LAKE CHARLES, LOUISIANA

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

ASSETS	Grants	Recreation	Central School	Special Events	Facility Renewal	Disaster Recovery	Community Development	Total Nonmajor Governmental Funds
Cash (Note 4-A)	\$ -	\$ 940,785	\$ 160,193	\$ 53,532	\$ 586,191	\$ 594,774	\$ 44,437	\$ 2,379,912
Investments (Note 4-A)	58,470	77,527	54,086	-	2,387,949	1,888,081	-	4,466,113
Receivable (net of allowance for uncollectable)	-	-	-	-	-	-	-	-
Accounts (Note 4-B)	-	137,875	36,372	-	-	-	59,850	234,097
Accrued interest	-	-	-	-	1,476	1,957	-	3,433
Intergovernmental (Note 4-B)	267,958	350	-	-	-	306,629	80,267	655,204
Due from other funds (Note 4-F)	23,890	-	-	-	-	-	3,605	27,495
Prepaid items	-	11,630	-	-	-	-	35	11,665
Total assets	\$ 350,318	\$ 1,168,167	\$ 250,651	\$ 53,532	\$ 2,975,616	\$ 2,791,441	\$ 188,194	\$ 7,777,919
LIABILITIES								
Accounts payable	\$ 51,701	\$ 90,973	\$ 8,350	\$ 50	\$ -	\$ 100,121	\$ 16,939	\$ 268,134
Escrow	-	-	-	-	-	-	10,283	10,283
Deferred revenue	-	-	-	-	-	-	41,500	41,500
Due to other funds	31,050	180,897	-	19	-	-	203	212,169
Total liabilities	\$ 82,751	\$ 271,870	\$ 8,350	\$ 69	\$ -	\$ 100,121	\$ 68,925	\$ 532,086
FUND BALANCES								
Nonspendable:								
Prepaid items	-	11,630	-	-	-	-	-	11,630
Committed:								
Other purposes	-	190,000	42,450	6,265	568,500	-	-	807,215
Assigned:								
Community services	92,681	694,667	199,851	47,198	-	-	119,269	1,153,666
Public safety	174,886	-	-	-	-	-	-	174,886
Disaster recovery	-	-	-	-	-	2,691,320	-	2,691,320
Other purposes	-	-	-	-	2,407,116	-	-	2,407,116
Total fund balances	\$ 92,681	\$ 896,297	\$ 242,301	\$ 53,463	\$ 2,975,616	\$ 2,691,320	\$ 119,269	\$ 7,245,833
Total liabilities and fund balances	\$ 175,432	\$ 1,168,167	\$ 250,651	\$ 53,532	\$ 2,975,616	\$ 2,791,441	\$ 188,194	\$ 7,777,919

CITY OF LAKE CHARLES, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2013

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Grants	Recreation	Central School	Special Events	Facility Renewal	Disaster Recovery	Community Development	
Revenues:								
Taxes	\$ -	\$ 2,551,581	\$ -	\$ 75,199	\$ -	\$ -	\$ -	\$ 2,626,780
Intergovernmental	1,929,827	-	-	-	-	15,045	899,596	2,844,468
Charges for services	-	169,906	-	-	-	-	-	169,906
Miscellaneous	191	1,521	122,235	-	-	2,639	65,500	200,511
Total revenues	<u>1,930,018</u>	<u>2,723,008</u>	<u>122,235</u>	<u>75,199</u>	<u>8,425</u>	<u>17,684</u>	<u>965,096</u>	<u>5,841,665</u>
Expenditures:								
Current operating:								
Police	1,179,718	-	-	-	-	-	-	1,179,718
Planning and development	-	-	-	-	-	8,181	963,777	971,958
Community services	781,198	4,377,248	139,822	210,255	-	7,721	-	5,516,244
General services	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	<u>1,960,916</u>	<u>4,377,248</u>	<u>139,822</u>	<u>210,255</u>	<u>-</u>	<u>15,902</u>	<u>963,777</u>	<u>7,667,920</u>
Excess (deficiency) of revenues over expenditures	<u>(30,898)</u>	<u>(1,654,240)</u>	<u>(17,587)</u>	<u>(135,056)</u>	<u>8,425</u>	<u>1,782</u>	<u>1,319</u>	<u>(1,826,255)</u>
Other financing sources (uses):								
Transfers in	62,197	1,847,394	-	128,858	-	-	64,181	2,102,630
Transfers out	-	-	-	-	(650,000)	-	-	(650,000)
Total other financing sources (uses)	<u>62,197</u>	<u>1,847,394</u>	<u>-</u>	<u>128,858</u>	<u>(650,000)</u>	<u>-</u>	<u>64,181</u>	<u>1,452,630</u>
Net change in fund balances	31,299	193,154	(17,587)	(6,198)	(641,575)	1,782	65,500	(373,625)
Fund balance at beginning of year	236,268	703,143	259,888	59,661	3,617,191	2,689,538	53,769	7,619,458
Fund balance at end of year	<u>\$ 267,567</u>	<u>\$ 896,297</u>	<u>\$ 242,301</u>	<u>\$ 53,463</u>	<u>\$ 2,975,616</u>	<u>\$ 2,691,320</u>	<u>\$ 119,269</u>	<u>\$ 7,245,833</u>

CITY OF LAKE CHARLES, LOUISIANA

Grant Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>2013</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental	\$ 2,210,275	\$ 2,012,152	\$ 1,929,827	\$ (82,325)
Miscellaneous	-	-	191	191
Total revenues	<u>2,210,275</u>	<u>2,012,152</u>	<u>1,930,018</u>	<u>(82,134)</u>
Expenditures:				
Current:				
Public safety	1,156,404	1,257,116	1,179,718	77,398
Planning and development	-	-	-	-
Community services	1,133,349	821,101	781,198	39,903
Capital outlay	-	-	-	-
Total expenditures	<u>2,289,753</u>	<u>2,078,217</u>	<u>1,960,916</u>	<u>117,301</u>
Excess of revenues over expenditures	<u>(79,478)</u>	<u>(66,065)</u>	<u>(30,898)</u>	<u>35,167</u>
Other financing source(uses):				
Transfers in	79,478	69,464	62,197	(7,267)
Total other financing sources (uses)	<u>79,478</u>	<u>69,464</u>	<u>62,197</u>	<u>(7,267)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	3,399	31,299	27,900
Fund balance at beginning of year	<u>236,268</u>	<u>236,268</u>	<u>236,268</u>	<u>-</u>
Fund balance at end of year	<u>\$ 236,268</u>	<u>\$ 239,667</u>	<u>\$ 267,567</u>	<u>\$ 27,900</u>

CITY OF LAKE CHARLES, LOUISIANA
Recreation Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 2,524,214	\$ 2,546,894	\$ 2,551,581	\$ 4,687
Intergovernmental	-	-	-	-
Charges for services	149,600	157,600	169,906	12,306
Miscellaneous	900	1,200	1,521	321
Total revenues	<u>2,674,714</u>	<u>2,705,694</u>	<u>2,723,008</u>	<u>17,314</u>
Expenditures:				
Personal services	2,358,760	2,390,367	2,341,673	48,694
Contractual and operational	1,133,935	1,149,914	1,102,594	47,320
Materials and supplies	500,350	569,839	507,772	62,067
Special charges	7,050	19,581	19,581	-
Capital outlay	648,400	408,794	405,628	3,166
Total expenditures	<u>4,648,495</u>	<u>4,538,495</u>	<u>4,377,248</u>	<u>161,247</u>
Excess (deficiency) of rev over exp	<u>(1,973,781)</u>	<u>(1,832,801)</u>	<u>(1,654,240)</u>	<u>178,561</u>
Other financing sources (uses):				
Transfers in	1,973,781	2,022,801	1,847,394	(175,407)
Total other financing sources (uses)	<u>1,973,781</u>	<u>2,022,801</u>	<u>1,847,394</u>	<u>(175,407)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	190,000	193,154	3,154
Fund balance at beginning of year	<u>703,143</u>	<u>703,143</u>	<u>703,143</u>	<u>-</u>
Fund balance at end of year	<u>\$ 703,143</u>	<u>\$ 893,143</u>	<u>\$ 896,297</u>	<u>\$ 3,154</u>

CITY OF LAKE CHARLES, LOUISIANA**Central School Special Revenue Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual****For Fiscal Year Ended September 30, 2013**

	Budgeted Amounts		2013 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 112,650	\$ 112,650	\$ 122,235	\$ 9,585
Total revenues	<u>112,650</u>	<u>112,650</u>	<u>122,235</u>	<u>9,585</u>
Expenditures:				
Materials and supplies	12,100	15,200	12,525	2,675
Other services and charges	<u>127,636</u>	<u>139,536</u>	<u>127,297</u>	<u>12,239</u>
Total expenditures	<u>139,736</u>	<u>154,736</u>	<u>139,822</u>	<u>14,914</u>
Excess of revenue over expenditures	(27,086)	(42,086)	(17,587)	24,499
Fund balance at beginning of year	<u>259,888</u>	<u>259,888</u>	<u>259,888</u>	<u>-</u>
Fund balance at end of year	<u>\$ 232,802</u>	<u>\$ 217,802</u>	<u>\$ 242,301</u>	<u>\$ 24,499</u>

CITY OF LAKE CHARLES, LOUISIANA
Special Event Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>2013</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous	\$ 47,000	\$ 74,000	\$ 75,199	\$ 1,199
Total revenues	<u>47,000</u>	<u>74,000</u>	<u>75,199</u>	<u>1,199</u>
Expenditures:				
Materials and supplies	6,400	3,400	2,905	495
Other services and charges	<u>199,458</u>	<u>215,458</u>	<u>207,350</u>	<u>8,108</u>
Total expenditures	<u>205,858</u>	<u>218,858</u>	<u>210,255</u>	<u>8,603</u>
Excess of revenue over expenditures	(158,858)	(144,858)	(135,056)	9,802
Other financing sources:				
Transfers in	<u>128,858</u>	<u>128,858</u>	<u>128,858</u>	-
Total other financing sources	<u>128,858</u>	<u>128,858</u>	<u>128,858</u>	-
Excess (deficiency) of rev and other sources over exp and other uses	(30,000)	(16,000)	(6,198)	9,802
Fund balance at beginning of year	<u>59,661</u>	<u>59,661</u>	<u>59,661</u>	-
Fund balance at end of year	<u>\$ 29,661</u>	<u>\$ 43,661</u>	<u>\$ 53,463</u>	<u>\$ 9,802</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Interest on investments	\$ 16,000	\$ 6,800	\$ 8,425	\$ 1,625
Total revenues	16,000	6,800	8,425	1,625
Expenditures:	-	-	-	-
Excess of revenues over expenditures	16,000	6,800	8,425	1,625
Other financing sources:				
Transfers out	(250,000)	(650,000)	(650,000)	-
Total other financing sources	(250,000)	(650,000)	(650,000)	-
Excess (deficiency) of rev and other sources over exp and other uses	(234,000)	(643,200)	(641,575)	1,625
Fund balance at beginning of year	3,617,191	3,617,191	3,617,191	-
Fund balance at end of year	\$ 3,383,191	\$ 2,973,991	\$ 2,975,616	\$ 1,625

CITY OF LAKE CHARLES, LOUISIANA

Disaster Recovery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>2013</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental				
(net of allowance for uncollectable)	\$ -	\$ 14,267	\$ 15,045	\$ 778
Miscellaneous	-	3,641	2,639	(1,002)
Total revenues	-	17,908	17,684	(224)
Expenditures:				
Current:				
Contractual and operational	-	7,722	7,721	1
General services	-	8,181	8,181	-
Total expenditures	-	15,903	15,902	1
Excess (deficiency) of rev over exp	-	2,005	1,782	(223)
Fund balance at beginning of year	2,689,538	2,689,538	2,689,538	-
Fund balance at end of year	<u>\$ 2,689,538</u>	<u>\$ 2,691,543</u>	<u>\$ 2,691,320</u>	<u>\$ (223)</u>

CITY OF LAKE CHARLES, LOUISIANA
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2013

	Budgeted Amounts		2013	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 788,388	\$ 948,981	\$ 899,596	\$ (49,385)
Miscellaneous	9,000	64,600	65,500	900
Total revenues	<u>797,388</u>	<u>1,013,581</u>	<u>965,096</u>	<u>(48,485)</u>
Expenditures:				
Current:				
Personal services	160,876	136,781	136,385	396
Contract and operational	20,470	13,462	12,554	908
Material and supplies	7,644	4,493	4,343	150
Special current	320,003	326,080	292,329	33,751
Capital outlay	332,087	533,870	518,166	15,704
Total expenditures	<u>841,080</u>	<u>1,014,686</u>	<u>963,777</u>	<u>50,909</u>
Excess (deficiency) of revenues over expenditures	(43,692)	(1,105)	1,319	2,424
Other financing sources:				
Transfers in	52,692	65,705	64,181	(1,524)
Total other financing sources	<u>52,692</u>	<u>65,705</u>	<u>64,181</u>	<u>(1,524)</u>
Excess (deficiency) of rev and other sources over exp and other uses	9,000	64,600	65,500	900
Fund balance at beginning of year	<u>53,769</u>	<u>53,769</u>	<u>53,769</u>	<u>-</u>
Fund balance at end of year	<u>\$ 62,769</u>	<u>\$ 118,369</u>	<u>\$ 119,269</u>	<u>\$ 900</u>

INTERNAL SERVICE FUNDS

Risk Management Fund – Includes coverage for general liability, auto liability and worker's compensation. This fund is used to account for the financing of services provided by the risk management division to other departments of the City.

Employee Insurance Fund – Provides a self-insurance program for employee health benefits. This fund is used to account for the financing of services provided to other departments of the City.

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds Combining Statement of Net Position September 30, 2013

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2013</u>
ASSETS			
Current assets:			
Cash	\$ 4,444,394	\$ 1,056,766	\$ 5,501,160
Investments	2,000,120	5,981,091	7,981,211
Receivables:			
Accounts	1,696,604	1,348	1,697,952
Accrued interest	1,725	4,666	6,391
Due from other funds	399,628	1,137	400,765
Prepaid expenses	901,463	-	901,463
Total current assets	<u>9,443,934</u>	<u>7,045,008</u>	<u>16,488,942</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	30,164	-	30,164
Less accumulated depreciation	<u>(27,668)</u>	<u>-</u>	<u>(27,668)</u>
Total capital assets (net of accum. depr.)	<u>2,496</u>	<u>-</u>	<u>2,496</u>
Total assets	<u>9,446,430</u>	<u>7,045,008</u>	<u>16,491,438</u>
LIABILITIES			
Current liabilities:			
Accounts payable	38,535	17,555	56,090
Due to other funds	<u>27</u>	<u>-</u>	<u>27</u>
Total current liabilities	<u>38,562</u>	<u>17,555</u>	<u>56,117</u>
Long-term liabilities:			
Accrued leave benefits	83,682	-	83,682
OPEB payable	19,340	-	19,340
Accrued insurance claims	3,085,903	1,400,000	4,485,903
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	<u>1,576,159</u>	<u>-</u>	<u>1,576,159</u>
Total long-term liabilities	<u>4,940,084</u>	<u>1,550,000</u>	<u>6,490,084</u>
Total liabilities	<u>4,978,646</u>	<u>1,567,555</u>	<u>6,546,201</u>
NET POSITION			
Net investment in capital assets	2,496	-	2,496
Unrestricted	<u>4,465,288</u>	<u>5,477,453</u>	<u>9,942,741</u>
Total net position	<u>\$ 4,467,784</u>	<u>\$ 5,477,453</u>	<u>\$ 9,945,237</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position For the Fiscal Year Ended September 30, 2013

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2013</u>
Operating revenues:			
Charges for services	\$ 6,429,960	\$ 7,271,162	\$ 13,701,122
Intergovernmental revenue	-	-	-
Subrogation	190,621	205,958	396,579
Total operating revenues	<u>6,620,581</u>	<u>7,477,120</u>	<u>14,097,701</u>
Operating expenses:			
Personal services	491,256	43,701	534,957
Materials and supplies	11,882	-	11,882
General and administration	1,916,859	977,770	2,894,629
Depreciation	2,723	-	2,723
Claims and losses paid	2,171,799	5,542,967	7,714,766
Total operating expenses	<u>4,594,519</u>	<u>6,564,438</u>	<u>11,158,957</u>
Operating income (loss)	<u>2,026,062</u>	<u>912,682</u>	<u>2,938,744</u>
Nonoperating revenues:			
Interest	10,060	7,008	17,068
Loss on retirement of fixed asset	-	-	-
Total nonoperating revenues	<u>10,060</u>	<u>7,008</u>	<u>17,068</u>
Income (loss) before transfers	<u>2,036,122</u>	<u>919,690</u>	<u>2,955,812</u>
Transfer in (out)	<u>400,000</u>	<u>(750,000)</u>	<u>(350,000)</u>
Change in net position	2,436,122	169,690	2,605,812
Net position - beginning of fiscal year	2,031,662	5,307,763	7,339,425
Net position - ending of fiscal year	<u>\$ 4,467,784</u>	<u>\$ 5,477,453</u>	<u>\$ 9,945,237</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2013

	Risk Management	Employee Insurance	Totals 2013
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,576,781	\$ 7,479,270	\$ 13,056,051
Payments to employees	(482,125)	-	(482,125)
Payments to suppliers and claimants	(5,312,330)	(6,564,820)	(11,877,150)
Internal activity - payments to other funds	(399,765)	(1,137)	(400,902)
Net cash provided by operating activities	<u>(617,439)</u>	<u>913,313</u>	<u>295,874</u>
Cash flow from noncapital financing activities:			
Operating subsidies	400,000	(750,000)	(350,000)
Net cash provided by noncapital financing activities	<u>400,000</u>	<u>(750,000)</u>	<u>(350,000)</u>
Cash flow from capital and related financing activities:			
Purchase of capital assets	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flow from investing activities:			
Purchase of investment securities	(1,919,816)	(4,421,294)	(6,341,110)
Proceeds from sale and maturities of investment securities	1,020,602	3,923,034	4,943,636
Interest on investments	12,608	18,662	31,270
Net cash provided (used for) investing activities	<u>(886,606)</u>	<u>(479,598)</u>	<u>(1,366,204)</u>
Net increase (decrease) in cash and cash equivalents	(1,104,045)	(316,285)	(1,420,330)
Cash and cash equivalents at beginning of year	5,548,439	1,373,051	6,921,490
Cash and cash equivalents at end of year	<u>\$ 4,444,394</u>	<u>\$ 1,056,766</u>	<u>\$ 5,501,160</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,026,062	\$ 912,682	\$ 2,938,744
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,723	-	2,723
(Increase) decrease in accounts receivable	(1,043,800)	2,150	(1,041,650)
(Increase) decrease in due from other funds	(399,628)	(1,137)	(400,765)
(Increase) decrease in prepaid items	(5,187)	-	(5,187)
Increase (Decrease) in accounts payables	8,050	(382)	7,668
Increase (Decrease) in accrued insurance claims	(1,213,736)	-	(1,213,736)
Increase (Decrease) in compensated absences payable	7,357	-	7,357
Increase (Decrease) in OPEB liability	857	-	857
Increase (Decrease) in due to other funds	(137)	-	(137)
Total adjustments	<u>(2,643,501)</u>	<u>631</u>	<u>(2,642,870)</u>
Net cash provided by operating activities	<u>\$ (617,439)</u>	<u>\$ 913,313</u>	<u>\$ 295,874</u>

Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized gain of \$15,612 at year-end 2013 and an unrealized gain of \$29,010 at year-end 2012.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS



CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets		
Land	\$ 15,889,781	\$ 16,612,880
Buildings	48,515,574	48,508,579
Improvements other than buildings	55,619,265	52,779,123
Machinery and Equipment	32,751,562	30,246,498
Infrastructure	271,355,304	260,409,984
Construction in progress	<u>55,238,824</u>	<u>49,870,089</u>
Total general capital assets	<u>\$ 479,370,310</u>	<u>\$ 458,427,153</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 23,729,828	\$ 23,729,828
Property acquired after September 30, 1985 from:		
Federal grants	13,310,533	4,748,834
State grants	644,432	370,000
General fund revenues	118,733,135	114,369,034
Capital projects funds	288,637,341	281,319,416
Donations	<u>34,315,041</u>	<u>33,890,041</u>
Total investments in general capital assets	<u>\$ 479,370,310</u>	<u>\$ 458,427,153</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$30,163 at 9/30/2013 and 9/30/2012 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA

Schedule of Capital Assets - Governmental Funds

By Function and Activity

September 30, 2013

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
GENERAL GOVERNMENT							
Legislative	\$ -	\$ -	\$ -	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	-	-	-	32,174	-	-	32,174
Judicial	-	-	-	40,762	-	4,868,155	4,908,917
Total general government	-	-	-	143,607	-	4,868,155	5,011,762
STAFF AGENCIES							
Finance	-	-	-	19,390	-	-	19,390
Planning and development	-	-	-	66,629	-	-	66,629
Human Resources	-	-	-	23,487	-	-	23,487
Public works	214,700	928,520	39,968	1,400,363	-	-	2,583,551
Information Services	-	-	-	214,078	-	-	214,078
General government buildings	5,091,549	5,856,483	1,658,827	541,198	-	253,433	13,401,490
Total staff agencies	5,306,249	6,785,003	1,698,795	2,265,145	-	253,433	16,308,625
PUBLIC SAFETY							
Police	67,715	850,375	699,766	5,598,315	-	89,712	7,305,883
Fire	203,900	7,731,916	527,693	11,114,555	-	2,255	19,580,319
Permit Center	-	-	-	209,835	-	-	209,835
Total public safety	271,615	8,582,291	1,227,459	16,922,705	-	91,967	27,096,037
Streets	-	6,995	-	3,949,346	229,848,699	27,365,077	261,170,117
Recreation	9,308,960	3,804,033	23,207,834	1,832,797	-	-	38,153,624
Community service	5,000	2,549,579	160,128	2,471	-	5,131,826	7,849,004
Sanitation and waste	997,957	26,787,673	29,325,049	7,635,491	41,506,605	17,528,366	123,781,141
	10,311,917	33,148,280	52,693,011	13,420,105	271,355,304	50,025,269	430,953,886
Total capital assets allocated to functions	\$ 15,889,781	\$ 48,515,574	\$ 55,619,265	\$ 32,751,562	\$ 271,355,304	\$ 55,238,824	\$ 479,370,310

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$30.163. at 9/30/2013 and at 9/30/2012 that are reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2013

Function and Activity	General Capital Assets 9/30/2012	Additions	Deletions	General Capital Assets 9/30/2013
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	47,712	(15,538)	-	32,174
Judicial	2,164,034	2,744,883	-	4,908,917
Total general government	<u>2,282,417</u>	<u>2,729,345</u>	<u>-</u>	<u>5,011,762</u>
STAFF AGENCIES				
Finance	19,390	-	-	19,390
Planning and Development	66,629	-	-	66,629
Human Resources	23,487	-	-	23,487
Public Works	2,463,931	137,545	(17,925)	2,583,551
Information Services	145,073	71,754	(2,749)	214,078
General Government	13,784,001	672,061	(1,054,572)	13,401,490
Total staff agencies	<u>16,502,511</u>	<u>881,360</u>	<u>(1,075,246)</u>	<u>16,308,625</u>
PUBLIC SAFETY				
Police	6,610,051	956,857	(261,025)	7,305,883
Fire	19,013,640	686,867	(120,188)	19,580,319
Permit Center	196,698	13,137	-	209,835
Total public safety	<u>25,820,389</u>	<u>1,656,861</u>	<u>(381,213)</u>	<u>27,096,037</u>
Streets	250,464,304	19,203,875	(8,498,062)	261,170,117
Recreation	35,415,970	2,823,356	(85,702)	38,153,624
Community service	8,492,255	1,573,252	(2,216,503)	7,849,004
Sanitation and waste	119,449,307	5,623,780	(1,291,946)	123,781,141
	<u>413,821,836</u>	<u>29,224,263</u>	<u>(12,092,213)</u>	<u>430,953,886</u>
Total capital assets allocated to functions	<u>\$ 458,427,153</u>	<u>\$ 34,491,829</u>	<u>\$ (13,548,672)</u>	<u>\$ 479,370,310</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued on 9/30/2013 at \$30,163 and at 9/30/2012 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION

This part of the City of Lake Charles' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess government's more significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Except where noted, the information in these schedules is derived from the City of Lake Charles' comprehensive annual financial reports for the relative year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning that year.

CITY OF LAKE CHARLES, LOUISIANA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 152,255	\$ 168,278	\$ 185,082	\$ 160,853
Restricted	19,721	12,216	10,597	48,485
Unrestricted	57,247	64,114	60,816	64,136
Total governmental activities net position	<u>\$ 229,223</u>	<u>\$ 244,608</u>	<u>\$ 256,495</u>	<u>\$ 273,474</u>
Business-type activities				
Net investment in capital assets	\$ 51,800	\$ 50,605	\$ 51,436	\$ 59,165
Unrestricted	4,661	8,442	14,134	5,716
Total business-type activities net position	<u>\$ 56,461</u>	<u>\$ 59,047</u>	<u>\$ 65,570</u>	<u>\$ 64,881</u>
Primary Government				
Net investment in capital assets	\$ 204,055	\$ 218,883	\$ 236,518	\$ 220,018
Restricted	19,721	12,216	10,597	48,485
Unrestricted	61,908	72,556	74,950	69,852
Total primary government net position	<u>\$ 285,684</u>	<u>\$ 303,655</u>	<u>\$ 322,065</u>	<u>\$ 338,355</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 200,193	\$ 204,550	\$ 216,618	\$ 223,583	\$ 228,301	\$ 230,614
42,220	30,622	60,553	51,978	31,734	23,169
48,188	62,216	31,362	44,864	72,112	90,900
<u>\$ 290,601</u>	<u>\$ 297,388</u>	<u>\$ 308,533</u>	<u>\$ 320,425</u>	<u>\$ 332,147</u>	<u>\$ 344,683</u>
\$ 66,241	\$ 67,502	\$ 68,319	\$ 66,627	\$ 68,959	\$ 68,562
555	2,363	2,851	5,584	7,909	11,729
<u>\$ 66,796</u>	<u>\$ 69,865</u>	<u>\$ 71,170</u>	<u>\$ 72,211</u>	<u>\$ 76,868</u>	<u>\$ 80,291</u>
\$ 266,434	\$ 272,052	\$ 284,937	\$ 290,210	\$ 297,260	\$ 299,176
42,220	30,622	60,553	51,978	31,734	23,169
48,743	64,579	34,213	50,448	80,021	102,629
<u>\$ 357,397</u>	<u>\$ 367,253</u>	<u>\$ 379,703</u>	<u>\$ 392,636</u>	<u>\$ 409,015</u>	<u>\$ 424,974</u>

CITY OF LAKE CHARLES, LOUISIANA

Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 4,018,106	\$ 3,812,105	\$ 4,024,194	\$ 4,102,319	\$ 4,158,299	\$ 4,428,106	\$ 4,565,486	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288
Public safety	24,747,219	26,919,170	29,515,842	28,708,138	28,400,481	30,691,441	29,211,079	28,681,562	30,667,312	31,412,865
Public works	21,492,315	20,693,262	28,642,450	24,449,739	26,341,091	26,204,810	24,948,706	30,294,422	29,047,659	28,841,269
Planting and development	2,300,829	2,308,019	2,325,223	2,729,542	3,011,317	2,420,483	2,855,462	3,195,533	2,981,902	2,991,321
General services	3,287,536	3,428,701	6,975,121	5,901,532	5,201,297	7,819,930	7,327,977	4,384,287	5,428,845	5,687,941
Community services	4,564,296	4,928,356	10,314,122	5,814,605	5,658,398	6,101,747	5,699,264	6,936,038	6,730,143	6,174,061
Interest in long-term debt	787,407	1,074,675	1,324,532	1,997,185	2,850,831	2,703,667	3,396,559	3,935,479	4,053,332	3,409,036
Total governmental activities	61,197,708	63,164,288	83,121,484	73,703,060	75,621,714	80,370,184	78,004,533	82,012,403	83,553,405	83,083,781
Business-type activities										
Civic center	2,884,374	2,987,398	2,813,459	3,101,741	3,274,154	3,265,481	3,734,478	3,575,028	3,356,078	3,014,670
Golf course	1,108,015	1,185,076	1,192,880	1,299,432	1,247,986	1,480,511	1,432,343	1,495,425	1,489,217	1,539,186
Transit	1,472,038	1,481,491	1,662,242	1,996,952	2,540,820	2,359,228	2,038,547	2,215,223	2,298,862	2,354,540
Water	6,844,008	7,045,612	7,757,623	8,144,570	8,829,630	9,139,256	8,645,421	8,948,287	8,980,994	9,181,423
Total business-type activities	12,308,435	12,699,577	13,426,204	14,542,695	15,892,590	16,244,476	15,850,789	16,233,963	16,125,151	16,089,819
Total primary government	\$ 73,506,143	\$ 75,863,865	\$ 96,547,688	\$ 88,245,755	\$ 91,514,304	\$ 96,614,660	\$ 93,855,322	\$ 98,246,366	\$ 99,678,556	\$ 99,173,600
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,214,680	\$ 4,188,998	\$ 4,431,182	\$ 4,874,140	\$ 4,855,947	\$ 5,126,923	\$ 5,091,090	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834
Public works	4,968,936	5,516,777	5,618,552	5,691,800	8,066,296	8,215,969	9,006,678	10,317,926	11,146,171	11,767,500
Other activities	642,863	804,172	886,296	1,221,578	1,165,914	911,091	1,030,878	1,123,347	1,106,880	1,108,756
Operating grants and contributions	3,866,738	5,168,349	15,728,027	3,968,837	5,920,889	3,801,382	4,426,140	4,505,960	5,037,836	5,237,139
Capital grants and contributions	655,627	802,681	5,076,055	4,472,089	2,917,678	4,913,193	5,685,329	5,843,875	2,991,355	3,949,165
Total govtl activity prgm revenues	14,348,844	16,480,977	31,740,112	20,228,444	22,926,724	22,968,558	25,240,115	27,224,063	25,349,523	27,560,394
Business-type activities:										
Charges for services:										
Civic center	911,255	845,555	533,072	932,746	915,970	1,047,163	930,113	968,296	975,050	941,963
Golf course	1,010,247	1,038,192	1,009,908	1,046,555	985,883	1,126,764	905,153	928,512	844,392	974,094
Transit	66,577	73,227	62,086	80,615	83,792	62,810	81,418	98,804	115,597	111,750
Water	6,691,436	6,898,120	6,379,993	6,286,427	6,936,227	7,586,073	8,925,396	10,333,108	10,657,748	11,327,208
Operating grants and contributions	764,235	798,193	1,287,219	1,272,010	1,157,412	1,198,730	1,307,484	1,411,923	1,422,853	1,515,747
Capital grants and contributions	-	-	5,293,304	256,761	1,213,667	1,510,505	1,698,748	736,314	3,184,780	541,173
Total business-type prgm revenues	9,443,750	9,653,287	14,565,582	9,875,114	11,292,951	12,532,045	13,848,312	14,476,957	17,200,420	15,411,935
Total primary govtmnt program revenues	\$ 23,792,594	\$ 26,134,264	\$ 46,305,694	\$ 30,103,558	\$ 34,219,675	\$ 35,500,603	\$ 39,088,427	\$ 41,701,020	\$ 42,549,943	\$ 42,972,329

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (46,848,864)	\$ (46,683,311)	\$ (51,381,372)	\$ (53,474,616)	\$ (52,694,990)	\$ (57,401,626)	\$ (52,764,418)	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)
Business-type activities	(2,864,685)	(3,046,290)	1,139,378	(4,667,581)	(4,599,639)	(3,712,431)	(2,002,477)	(1,757,006)	1,075,269	(677,884)
Total primary government net expenses	\$ (49,713,549)	\$ (49,729,601)	\$ (50,241,994)	\$ (58,142,197)	\$ (57,294,629)	\$ (61,114,057)	\$ (54,766,895)	\$ (56,545,346)	\$ (57,128,613)	\$ (56,201,271)

General Revenues and Other Changes in Net Position

Governmental activities										
Taxes										
Property taxes	\$ 5,888,574	\$ 5,895,575	\$ 5,953,207	\$ 6,536,673	\$ 6,612,603	\$ 7,348,241	\$ 7,489,471	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273
Sales taxes	36,119,596	38,271,946	47,667,615	44,710,221	45,584,783	45,149,671	41,685,781	43,127,692	45,659,894	46,717,755
Franchise taxes	4,856,252	5,099,288	6,038,709	5,821,514	6,842,265	5,446,301	5,702,863	5,787,057	4,873,591	5,420,601
Riverboat taxes	6,682,497	7,706,108	3,024,702	6,961,367	8,399,666	9,099,020	8,959,034	9,113,904	9,713,282	9,691,942
Grants and contributions not restricted to specific programs	187,044	180,156	205,557	284,017	195,018	201,846	198,471	190,806	3,462,831	181,836
Interest and investment earnings	1,636,726	1,680,895	3,465,720	5,258,465	4,781,799	2,638,358	1,728,068	1,089,127	575,503	62,044
Miscellaneous	1,865,920	8,330,043	2,652,685	2,902,648	3,717,359	859,064	1,206,950	2,194,144	1,479,307	1,922,170
Gain (loss) on sales of capital assets	85,290	4,700	28,100	102,703	67,296	-	-	-	-	-
Transfers	(1,315,990)	(5,100,256)	(5,767,780)	(2,124,636)	(6,378,347)	(6,554,391)	(3,060,758)	(2,746,015)	(3,545,790)	(4,113,925)
Total governmental activities	\$ 56,005,909	\$ 62,068,455	\$ 63,268,515	\$ 70,452,972	\$ 69,822,442	\$ 64,188,110	\$ 63,909,880	\$ 66,680,063	\$ 69,926,271	\$ 68,058,696

Business-type activities:

Grants and contributions not restricted to specific programs	479,765	200,000	190,000	200,000	200,000	200,000	200,000	-	-	-
Interest and investment earnings	122,601	147,277	362,990	589,768	181,262	26,597	46,565	52,549	35,695	(12,505)
Miscellaneous	28,095	184,062	640,010	1,064,948	252,500	-	-	-	-	-
Gain (loss) on sales of capital assets	1,647	-	(1,577,138)	-	(497,393)	-	-	-	-	-
Transfers	1,315,990	5,100,256	5,767,780	2,124,636	6,378,347	6,554,391	3,060,758	2,746,015	3,545,790	4,113,925
Total business-type activities	\$ 1,948,098	\$ 5,631,595	\$ 5,383,642	\$ 3,979,352	\$ 6,514,716	\$ 6,780,988	\$ 3,307,323	\$ 2,798,564	\$ 3,581,485	\$ 4,101,420
Total primary government	\$ 57,954,007	\$ 67,700,050	\$ 68,652,157	\$ 74,432,324	\$ 76,337,158	\$ 70,969,098	\$ 67,217,203	\$ 69,478,627	\$ 73,507,756	\$ 72,160,116

Change in Net Position

Governmental activities	\$ 9,157,045	\$ 15,385,144	\$ 11,887,143	\$ 16,978,356	\$ 17,127,452	\$ 6,786,484	\$ 11,145,462	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309
Business-type activities	(916,587)	2,585,305	6,523,020	(688,229)	1,915,077	3,068,557	1,304,846	1,041,558	4,656,754	3,423,536
Total primary government	\$ 8,240,458	\$ 17,970,449	\$ 18,410,163	\$ 16,290,127	\$ 19,042,529	\$ 9,855,041	\$ 12,450,308	\$ 12,933,281	\$ 16,379,143	\$ 15,958,845

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax (1965)	Additional One Percent Sales Tax (1987)	Employee's Pay Quarter cent Sales Tax (1995)
2004	\$ 5,888,574	\$ 15,935,923	\$ 15,935,923	\$ 3,962,435
2005	5,895,575	16,905,803	16,905,803	4,226,453
2006	5,953,207	21,069,476	21,069,476	5,267,376
2007	6,536,673	19,604,922	19,604,747	4,901,540
2008	6,612,603	20,048,716	20,048,779	5,012,194
2009	7,348,241	19,767,418	19,767,417	4,932,015
2010	7,489,471	18,382,454	18,382,454	4,595,619
2011	7,923,348	18,994,509	18,994,509	4,750,340
2012	7,707,653	19,940,426	19,940,425	4,985,113
2013	8,176,273	20,638,460	20,638,461	5,159,621

Notes: L'Auberge du lac Casino opened in May 2005.
 Harrah's Riverboat closed in September 2005 after sustaining damage from Hurricane Rita.
 Beginning fiscal year 2007, the City has entered into a Cooperative Endeavor Agreement with
 the Calcasieu Parish Policy Jury to pool gaming on a parish-wide basis.

A new cable television franchise agreement was entered into at the beginning of fiscal year 2008.

2009 property tax revenues reflect the reassessment of property in 2008.

2013 property tax revenues reflect the reassessment of property in 2012.

Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
\$ 6,682,497	\$ 3,816,930	\$ 506,134	\$ 533,188
7,706,108	4,037,249	515,915	546,124
3,024,702	4,854,764	659,837	524,107
6,961,367	4,521,714	671,183	628,617
8,399,666	5,215,659	632,849	993,758
9,099,020	3,964,234	588,931	893,136
8,959,034	4,183,356	590,275	929,232
9,113,904	4,346,623	483,307	957,127
9,713,282	3,463,387	405,302	1,004,902
9,691,942	4,009,040	396,650	1,014,911

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 267,009	\$ 215,028	\$ 864,493	\$ 1,999,645	\$ 3,289,392	\$ 230,186	\$ 297,834			
Unreserved	25,481,201	27,722,313	26,835,936	29,486,833	28,820,688	28,007,800	25,483,998			
Nonspendable								\$ 486,580	\$ 543,389	\$ 478,983
Committed								2,895,603	2,567,929	2,363,360
Unassigned								21,932,680	22,245,646	23,053,203
Total General Fund	25,748,210	27,937,341	27,700,429	31,486,478	32,110,080	28,237,986	25,781,832	25,314,863	25,356,964	25,895,546
All other governmental funds										
Reserved	3,876,713	8,525,787	6,437,907	14,060,057	23,285,955	19,013,569	16,022,853			
Unreserved, reported in:										
Special revenue funds	9,327,261	9,699,426	10,774,273	10,620,548	8,778,666	12,922,418	14,598,101			
Capital projects funds	42,344,021	33,283,507	28,477,469	59,084,997	51,085,939	43,174,593	77,320,653			
Nonspendable								27,460	51,623	50,925
Restricted								44,338,979	23,577,512	23,168,752
Committed								51,269,454	59,088,442	55,745,177
Assigned								8,388,325	12,033,195	10,082,095
Total all other governmental funds	55,547,995	51,508,720	45,689,649	83,765,602	83,150,560	75,110,580	107,941,607	104,024,218	94,750,772	89,046,949
Total all governmental funds	\$ 81,296,205	\$ 79,446,061	\$ 73,390,078	\$ 115,252,080	\$ 115,260,640	\$ 103,348,566	\$ 133,723,439	\$ 129,339,081	\$ 120,107,736	\$ 114,942,495

* The increases in fund balance in fiscal years 2007 and 2010 are due primarily to unspent bond proceeds from issues during the period for capital projects.

* Note GASB 54 adopted in 2011.

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues:										
Taxes	\$ 50,815,251	\$ 54,186,267	\$ 58,915,721	\$ 60,340,385	\$ 62,863,828	\$ 63,906,886	\$ 60,681,304	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949
Licenses and permits	5,502,441	5,589,731	6,760,340	6,710,807	7,635,503	6,104,766	6,357,695	6,633,096	5,526,807	6,349,383
Intergovernmental	4,978,600	6,774,038	18,151,628	5,636,828	9,417,429	8,851,035	10,830,886	10,759,547	8,264,523	9,752,774
Charges for services	6,695,931	7,425,881	7,497,818	8,334,042	10,232,457	10,440,834	11,300,612	13,134,106	13,680,453	14,375,194
Fines and forfeitures	253,528	257,762	257,462	276,359	306,694	322,461	338,073	383,267	311,388	247,061
Miscellaneous	3,283,237	8,280,461	8,508,921	9,886,132	6,600,618	4,582,043	2,708,846	2,826,993	2,351,245	1,888,663
Total revenues	71,528,988	82,514,140	100,091,890	91,184,553	97,056,529	94,208,025	92,217,416	96,375,380	95,342,826	100,122,024
Expenditures:										
Current operating:										
General government	2,251,811	2,240,148	2,280,837	2,298,225	2,449,791	2,598,746	2,727,390	2,857,662	2,876,353	2,892,999
Finance	1,377,726	1,352,825	1,383,033	1,392,804	1,352,358	1,389,805	1,496,010	1,488,859	1,498,360	1,524,491
Human Resources	253,787	276,304	308,001	292,767	288,724	317,809	352,726	313,428	312,168	309,113
Fire	9,659,312	11,535,201	12,577,995	12,579,653	12,634,153	13,074,636	12,729,943	12,940,071	13,293,542	13,523,625
Police	12,765,994	14,119,891	15,026,989	14,371,715	14,094,524	14,196,539	15,775,008	16,200,141	17,108,345	18,311,542
Public works	15,407,571	15,766,960	23,015,679	18,974,532	20,648,106	20,039,183	20,272,640	20,324,226	21,183,964	21,449,006
Planning and development	2,257,639	2,264,326	2,095,331	2,515,448	2,805,009	2,305,258	2,596,371	3,028,735	2,785,459	2,793,690
Community services	3,731,237	3,851,337	9,707,729	5,046,085	4,662,889	4,545,957	4,780,142	4,721,208	4,913,007	5,516,244
General services	2,698,309	2,880,492	6,254,807	3,901,466	5,554,769	4,254,079	4,096,854	4,168,195	4,127,074	4,453,969
Capital projects	31,754,246	21,505,295	23,238,997	16,341,943	19,136,059	28,093,724	24,458,504	25,022,530	27,249,392	21,031,285
Debt service:										
Principal retirement	1,910,667	2,038,438	2,566,162	2,500,302	3,637,281	3,991,176	6,427,242	5,449,519	5,836,224	6,947,090
Bond issuance costs	-	-	42,978	621,817	-	-	1,414,680	147,128	-	-
Interest and fiscal charges	787,407	1,074,675	1,281,554	1,393,744	2,905,960	2,758,796	2,109,632	3,982,945	4,247,927	3,603,630
Total expenditures	84,855,706	78,905,892	99,780,092	82,230,501	90,169,623	97,565,708	99,237,142	100,644,647	105,431,815	102,356,684
Excess (deficiency) of revenues \$ over expenditures	(13,326,718)	3,608,248	311,798	8,954,052	6,886,906	(3,357,683)	(7,019,726)	(4,269,267)	(10,088,989)	(2,234,660)
Other financing sources (uses):										
Transfers in	13,181,610	11,911,644	12,016,568	15,728,775	17,610,913	17,216,245	14,552,013	15,153,082	19,551,176	21,967,386
Transfers out	(15,130,612)	(17,370,037)	(19,084,348)	(18,403,411)	(24,489,260)	(25,770,636)	(18,612,300)	(18,982,135)	(22,915,600)	(25,731,311)
Issuance of debt	-	-	700,000	34,480,000	-	-	57,015,000	3,713,962	-	833,344
Premium on issuance of debt	-	-	-	1,102,586	-	-	2,174,886	-	4,222,067	-
Payment to refunded bonds	-	-	-	-	-	-	(17,735,000)	-	-	-
Total other financing sources(uses)	(1,949,002)	(5,458,393)	(6,367,780)	32,907,950	(6,878,347)	(8,554,391)	37,394,599	(115,091)	857,643	(2,930,581)
Net change in fund balances	\$(15,275,720)	\$ (1,850,145)	\$ (6,055,982)	\$ 41,862,002	\$ 8,559	\$ (11,912,074)	\$ 30,374,873	\$ (4,384,358)	\$ (9,231,346)	\$ (5,165,241)
Debt service as a percentage of noncapital expenditures	5.11%	5.57%	5.11%	6.19%	9.59%	9.37%	11.18%	12.29%	13.53%	13.24%

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax ('65)	Additional One Percent Sales Tax ('87)	Employee's Pay Quarter cent Sales Tax ('95)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2004	5,888,574	15,935,923	15,935,923	3,962,435	6,682,497	\$ 3,816,930	\$ 506,134	\$ 533,188
2005	5,895,575	16,905,803	16,905,803	4,226,453	7,706,108	4,037,249	515,915	546,124
2006	5,953,207	21,069,476	21,069,476	5,267,376	3,024,702	4,854,764	659,837	524,107
2007	6,536,673	19,604,922	19,604,922	4,901,540	6,961,367	4,521,714	671,183	628,617
2008	6,612,603	20,048,779	20,048,779	5,012,194	8,399,666	5,215,659	632,849	993,758
2009	7,348,241	19,767,418	19,767,417	4,932,015	9,099,020	3,964,234	588,931	893,136
2010	7,489,471	18,382,454	18,382,454	4,595,619	8,959,034	4,183,356	590,275	929,232
2011	7,923,348	18,994,509	18,994,509	4,750,340	9,113,904	4,346,623	483,307	957,127
2012	7,707,653	19,940,426	19,940,425	4,985,113	9,713,282	3,463,387	405,302	1,004,902
2013	8,176,273	20,638,460	20,638,461	5,159,621	9,691,942	4,009,040	396,650	1,014,911

CITY OF LAKE CHARLES, LOUISIANA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Tax Year	Real Property and Mobile		Personal, Business Industry	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	2003	\$ 246,685,030	\$ 2,466,850,300	\$ 93,673,820	\$ 624,492,133
2005	2004	253,965,820	2,539,658,200	96,107,240	640,714,933
2006	2005	261,268,194	2,612,681,940	98,723,970	658,159,800
2007	2006	286,848,080	2,869,480,800	105,860,810	705,738,733
2008	2007	295,823,700	2,958,237,000	114,102,720	760,684,800
2009	2008	352,041,171	3,520,411,710	116,471,700	776,478,000
2010	2009	362,072,150	3,620,721,500	109,775,460	731,836,400
2011	2010	368,075,460	3,680,756,600	113,615,250	757,435,000
2012	2011	371,813,160	3,718,131,600	111,831,890	745,545,933
2013	2012	408,917,100	4,089,171,000	106,665,010	711,100,067

Note:

(1) Ratios of assessed valuation to actual value are established by state law. Assessment ratios currently applicable to various classes of property are as follows:

- 10% - Land and residential improvements
- 15% - Commercial improvements
- 15% - Personal property
- 25% - Public Utilities

(2) All property assessments are made by the Calcasieu Parish Assessor or the Louisiana Tax Commission. Required reassessments of all properties were made in 1996, 2000, 2004, 2008, and 2012.

Source: Calcasieu Parish Sheriff & Tax Collector

Public Utilities		Total all Property		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 17,451,120	\$ 69,804,480	\$ 357,809,970	\$ 3,161,146,913	16.43	11.32%
17,604,920	70,419,680	367,677,980	3,250,792,813	16.09	11.31%
17,693,580	70,774,320	377,685,744	3,341,616,060	16.09	11.30%
18,358,980	73,435,920	411,067,870	3,648,622,453	16.09	11.27%
18,450,920	73,803,680	428,377,340	3,792,725,480	16.09	11.29%
18,738,980	74,955,920	487,251,851	4,371,845,630	15.35	11.15%
18,833,580	75,334,320	490,681,190	4,427,892,220	15.35	11.08%
19,094,820	76,379,280	500,785,530	4,514,570,880	15.35	11.09%
16,539,480	66,157,920	500,184,530	4,529,835,453	15.35	11.04%
17,706,110	70,824,440	533,288,220	4,871,095,507	15.35	10.95%

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Millage Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Calendar Year	City of Lake Charles			Calcasieu Parish School Board			Calcasieu Parish												
	Fiscal Year	General and		Debt Service	Total	General Fund	Debt Service		Total	Parish		Road Districts	Gravity Drainage	Recreation and Com		Fire Protection	Airport Harbor & Terminal	Parish Water & Sewer	Parish Total
		Special Revenue	Funds				Funds	Funds		Police	Jury								
2003	2004	16.43	0.00	16.43	19.56	35.00	54.56	52.84	4.06	5.92	0.00	12.77	9.20	15.14	99.93				
2004	2005	16.09	0.00	16.09	18.72	36.50	55.22	44.19	3.88	5.77	0.00	12.60	8.80	16.25	91.49				
2005	2006	16.09	0.00	16.09	18.72	25.00	43.72	44.99	3.88	5.77	7.85	12.60	8.80	18.39	102.28				
2006	2007	16.09	0.00	16.09	18.72	25.50	44.22	47.21	3.88	5.79	7.40	11.54	8.80	20.39	105.01				
2007	2008	16.09	0.00	16.09	18.72	27.50	46.22	41.5	3.88	5.79	7.00	11.54	8.80	18.14	96.95				
2008	2009	15.35	0.00	15.35	18.72	24.00	42.72	39.28	3.67	5.29	7.00	11.08	8.34	18.46	93.12				
2009	2010	15.35	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	5.65	11.08	8.34	15.59	83.14				
2010	2011	15.35	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	4.79	11.08	8.34	15.59	82.28				
2011	2012	15.35	0.00	15.35	18.72	24.00	42.04	33.82	3.53	5.57	5.77	10.85	8.14	15.37	83.05				
2012	2013	15.35	0.00	15.35	18.04	22.60	40.64	34.01	3.53	5.57	5.77	10.85	8.14	15.37	83.24				

Source: Information obtained from Calcasieu Parish Tax Assessor

Note: Overlapping rates are those of local governmental entities that apply to property owners within the City of Lake Charles. Not all overlapping rates apply to all property owners.

CITY OF LAKE CHARLES, LOUISIANA

Principal Property Taxpayers

Tax Year December 31, 2012 and December 31, 2002

for Fiscal Year Ended September 30, 2013 and September 30, 2003

Taxpayer	Type of Business	2013			2003		
		Assessed Valuation 2012	Rank	Percentage of Total Valuation	Assessed Valuation 2002	Rank	Percentage of Total Valuation
PNK (Lake Charles) LLC	Hotel and Casino	\$41,645,100	1	7.81 %	-	-	- %
Wal-Mart Stores	Retail	10,739,790	2	2.01	6,627,080	4	1.49
Entergy Gulf States Inc.	Electric utility	8,372,070	3	1.57	4,438,430	6	1.00
Women's & Children's Hospital	Hospital	5,010,330	4	0.94	-	-	-
Bell South Telecommunications	Telephone	4,509,610	5	0.85	9,608,810	2	2.16
Carboline Company	Wholesale	4,232,080	6	0.79	-	-	-
JP Morgan Chase Bank NA * Bank One in 2001	Bank	4,226,310	7	0.79	4,490,110	5	1.01
Capital One NA * Hibernia in 2002	Bank	3,463,120	8	0.65	7,856,520	3	1.77
Simon Debartolo Group *Simon, Melvin & Associates in 2001	Real Estate Agent	2,152,150	9	0.40	2,448,520	7	0.55
Iberia Bank	Bank	2,025,260	10	0.38	-	-	-
Harrah's Entertainment Inc * Players in 1998	Riverboat Casino	-	-	-	12,242,660	1	2.75
Xsepdus	Telecommunications	-	-	-	2,079,760	10	0.47
US Unwired	Telecommunications	-	-	-	2,137,910	9	0.48
Lowe's	Retail	-	-	-	2,304,930	8	0.52
		<u>\$86,375,820</u>		<u>16.20%</u>	<u>\$54,234,730</u>		<u>12.19%</u>

2012 Total city valuation: \$ 533,288,220

2002 Total city valuation: \$ 444,954,980

Source: Calcasieu Parish Tax Collector

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Less:</u>		<u>Net Tax Levy</u>
			<u>Cancellations and Reductions</u>		
2004	2003	\$ 5,878,836	\$ 7,942		\$ 5,870,894
2005	2004	5,932,879	36,144		5,896,735
2006	2005	6,081,102	200,513		5,880,589
2007	2006	6,617,407	47,920		6,569,487
2008	2007	6,896,377	83,620		6,812,757
2009	2008	7,483,466	144,030		7,339,436
2010	2009	7,534,395	46,098		7,488,297
2011	2010	7,692,549	60,903		7,631,646
2012	2011	7,648,874	44,979		7,603,895
2013	2012	8,150,758	48,846		8,101,912

Source: Calcasieu Parish Sheriff & Tax Collector

Note: Property damage red Property damage reductions in 2006 related to Hurricane Rita.

Less: Outstanding Delinquent Taxes		Net Total Taxes Collected	Percent of Net Taxes Collected	Percent of Delinquent Taxes to Net Levy
\$	67,052	\$ 5,803,842	98.86 %	1.14 %
	61,889	5,834,846	98.95	1.05
	57,162	5,823,427	99.03	0.97
	89,299	6,480,188	98.64	1.36
	79,015	6,733,742	98.84	1.16
	58,377	7,281,059	99.20	0.80
	48,697	7,439,600	99.35	0.65
	35,458	7,596,188	99.54	0.46
	18,208	7,585,687	99.76	0.24
	21,530	8,080,382	99.73	0.27

CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Calendar Year	City of Lake Charles										Calcasieu Parish				State of Louisiana		
	Fiscal Year	General Fund	Dedicated 1%					Capital Project	Employee's Pay	School Board		Law		General	Tourism Promotion	Total	
			General Fund		Waste	Recreation	Water			Salaries	Enforcement						
			Public Safety	Public Works													
2003	2004	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2004	2005	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2005	2006	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2006	2007	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2007	2008	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2008	2009	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2009	2010	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2010	2011	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2011	2012	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2012	2013	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	0.75%	3.97%	0.03%	9.00%		

Source: Information obtained from Calcasieu Parish Sales and Use Tax office.

CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2013 and June 30, 2005

for Fiscal Year Ended September 30, 2013 and September 30, 2005

2013				2005		
Type of Business	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$5,669,724	1	13.70%	\$5,287,093	1	13.77%
Government	2,504,478	2	6.05%	2,541,536	2	6.62%
Hotel and Casino	1,294,851	3	3.13%	-	-	-
Grocery	848,022	4	2.05%	719,611	4	1.87%
Building supply	739,688	5	1.79%	744,603	3	1.94%
Retail	677,190	6	1.64%	412,551	9	1.07%
Grocery	621,055	7	1.50%	-	-	-
Retail	601,048	8	1.45%	588,432	5	1.53%
Grocery	546,380	9	1.32%	396,821	10	1.03%
Health Care	527,902	10	1.28%	497,147	8	1.29%
Retail	-		0.00%	498,779	7	1.30%
Health Care	-		-	513,543	6	1.34%
	<u>\$14,030,338</u>		<u>33.91%</u>	<u>\$12,200,116</u>		<u>31.77%</u>

2013 Total sales tax: \$ 41,375,900

2005 Total sales tax: \$ 38,397,154

Historical data prior to 2005 unavailable.

CITY OF LAKE CHARLES, LOUISIANA

Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Pension Refunding Bonds	Bonded Debt										Loans				Total Loans Debt	Percentage of Personal Income	Per Capita
		LCDA Sewer Bonds	LCDA Sewer Refunding Bonds	Deferred Amount LCDA Sewer Refunding Bonds	2007		Deferred Amount		2010		Total Bonded Debt	DEQ Loan	Lake Charles City Court Building					
					LCDA Public Improvement Bonds	2007 Bonds	LCDA Public Improvement Bonds	2010 Bonds	LCDA Public Improvement Bonds	2010 Bonds								
2004	\$ 9,060,000	\$ 24,285,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,345,000	\$ -	\$ -	\$ -	1.51%	\$ 465		
2005	8,345,000	23,515,000	-	-	-	-	-	-	-	-	31,860,000	-	-	-	1.44%	444		
2006	7,585,000	22,715,000	-	-	-	-	-	-	-	-	30,300,000	-	-	-	1.37%	422		
2007	6,775,000	21,880,000	-	-	-	34,480,000	-	1,084,210	-	-	65,303,420	-	-	-	2.75%	910		
2008	5,915,000	21,010,000	-	-	-	33,370,000	-	1,029,081	-	-	62,353,162	-	-	-	2.63%	869		
2009	5,005,000	20,100,000	-	-	-	32,195,000	-	973,952	-	-	59,247,904	-	-	-	2.50%	826		
2010	4,035,000	-	16,175,000	431,234	-	30,970,000	39,280,000	918,823	1,671,027	-	93,481,084	-	-	-	3.65%	1,298		
2011	3,005,000	-	14,905,000	392,031	-	29,695,000	37,705,000	863,694	1,570,765	-	88,136,490	918,201	3,000,000	3,918,201	3.60%	1,279		
2012	1,930,000	-	13,610,000	352,828	-	28,370,000	35,960,000	808,565	1,470,503	-	82,501,896	5,140,268	2,905,000	8,045,268	3.45%	1,255		
2013	805,000	-	12,290,000	313,625	-	26,995,000	34,165,000	733,436	1,370,241	-	76,692,302	5,015,612	2,805,000	7,820,612	3.17%	1,150		

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
None of this debt is General Obligation Debt.

See the Schedule of Demographics and Economic Statistics on page 115 for personal income and population data.

CITY OF LAKE CHARLES, LOUISIANA

Direct and Overlapping Governmental Activities Debt

As of September 30, 2013

<u>Jurisdiction</u>	<u>Direct Debt</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
Direct:			
City of Lake Charles	\$ 84,512,914	100 %	\$ 84,512,914
Total direct debt	84,512,914		84,512,914
Overlapping:			
Calcasieu Parish School Board	194,330,000	28%	53,684,052
Calcasieu Parish Police Jury	3,215,000	75%	2,395,871
Total overlapping debt	197,545,000		56,079,923
Total Direct and Overlapping Debt	<u>\$ 282,057,914</u>		<u>\$ 140,592,837</u>

Sources: Assessed value data used to estimate applicable percentages provided by Calcasieu Parish Tax Collector.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Charles. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden is borne by the residents, and businesses should be taken into account.

However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the parish's taxable assessed value that is within the government's boundaries and dividing it by the parish's total taxable assessed value.

CITY OF LAKE CHARLES, LOUISIANA

Computation of Legal Debt Margin

Last Ten Fiscal Years

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 44,362	\$ 46,601	\$ 47,601	\$ 44,185	\$ 51,710	\$ 56,732	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 44,362</u>	<u>\$ 46,601</u>	<u>\$ 47,601</u>	<u>\$ 44,185</u>	<u>\$ 51,710</u>	<u>\$ 56,732</u>	<u>\$ 49,305</u>	<u>\$ 50,314</u>	<u>\$ 50,258</u>	<u>\$ 53,554</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2013

(amounts expressed in thousands)

Assessed value	\$ 533,288
Add back: exempt real property	2,263
Total assessed value	<u>\$ 535,551</u>
Debt limit (10% of total assessed value)	\$ 53,554
Total outstanding General Obligation Bonds of City of Lake Charles	-
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 53,554</u>

Note:

Under state finance law, the City of Lake Charles' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The City of Lake Charles had \$84,512,914 outstanding bonded debt at September 30, 2013. None of this debt is General Obligation Debt secured by ad valorem taxes, and the amount applicable to the legal debt limitation is therefore zero.

All City of Lake Charles general obligation debt was paid in fiscal year 1997.

CITY OF LAKE CHARLES, LOUISIANA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar		Personal	Per		Public	Private	Total	
Year	Population	Income	Capita	Median	City School	City School	City School	Unemployment
		(amts in	Personal	Age	Enrollment	Enrollment	Enrollment	Percentage
		thousands)	Income (1)		(K-12 Grades)	(K-12 Grades)	(K-12 Grades)	Rate
2003	71,757	\$ 2,208,250	\$ 30,774	35.3	13,668	2,907	16,575	4.7 %
2004	71,757	2,208,250	30,774	35.3	12,218	2,761	14,979	7.6
2005	71,757	2,208,250	30,774	35.3	13,054	2,541	15,595	3.3
2006	71,757	2,371,425	33,048	36.4	12,952	2,556	15,508	3.0
2007	71,757	2,371,425	33,048	35.3	12,735	2,407	15,142	3.4
2008	71,757	2,371,425	33,048	34.5	12,783	2,741	15,524	5.9
2009	71,757	2,371,425	33,048	35.3	12,566	2,575	15,141	7.3
2010	71,993	2,558,631	35,540	35.3	12,034	2,465	14,499	6.3
2011	72,177	2,621,757	36,324	35.9	12,399	3,482	15,881	6.8
2012	73,474	2,668,282	36,316	35.0	13,375	3,099	16,474	6.1

Notes:

- (1) Estimates for population, income age and unemployment provided by
Imperial Calcasieu Regional Planning and Development and the US Census Bureau
- (2) School enrollment includes public and state approved private schools only
as provided by the Calcasieu Parish School Board.

CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA

Calendar Year 2013 and 2003

Employer	Type of Business	2013			2003		
		Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School Board	Education	5,000	1	5.4%	4,000	1	4.8%
L'Auberge Du Lac	Gaming	2,400	2	2.6%	-	-	-
Turner Industries	Fabrication	1,500	3	1.6%	2,000	3	2.4%
PPG Industries	Basic Chemical	1,250	4	1.4%	1,625	7	1.9%
Lake Charles Memorial Hospital	Health Care	1,194	5	1.3%	1,700	6	2.0%
Citgo Petroleum	Oil Products	1,160	6	1.3%	1,865	5	2.2%
Isle of Capri Casino	Gaming	1,155	7	1.3%	2,000	4	2.4%
City of Lake Charles	Government	1,032	8	1.1%	-	-	-
Calcasieu Parish Sheriff's Office	Police Protection	972	9	1.1%	-	-	-
Christus St. Patrick's Hospital	Health Care	871	10	0.9%	2,782	2	3.3%
Player's Casino (closed 2005)	Gaming	-	-	-	1,450	8	1.7%
Conoco	Oil Products	-	-	-	1,200	9	1.4%
Calcasieu Parish Police Jury	Government	-	-	-	950	10	1.1%
		<u>16,534</u>		<u>18.0%</u>	<u>19,572</u>		<u>23.5%</u>

Source: Imperial Calcasieu Regional Planning and Development

MSA: Metropolitan Statistical Area includes all of Calcasieu and Cameron Parish. All top ten employers are in Calcasieu Parish

	2013	2003
Total employment: Calcasieu Parish	92,037	83,408

CITY OF LAKE CHARLES, LOUISIANA

Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

Functions/Programs	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	45	45	46	46	46	47	48.5	46.5	46.5	46.5
Finance (includes Water business office)	30	30	30	30	30	30	30	30	30	30
Human Resources	5	5	5	5	5	5	5	4	4	4
Public safety										
Fire	176	190	190	190	190	190	190	182	182	182
Police	192	194	194	194	194	192	192	189	189	189
Public works	166	166	167	166	166	166	167	157	157	157
Waste water	60	61	64	64	64	64	65	65	65	65
Transit	19	19	19	19	19	19	19	19	19	19
Water utility	57	57	57	57	57	57	56	56	56	56
Planning and development	24	24	25	27	24	24	25	24	24	24
General services	31	30	29	30	33	33	30.5	27.5	27.5	27.5
Community Services	76	76	78	78	78	77	77	71	71	71
Total	881	897	904	906	906	904	905	871	871	871

Source: City budget reports

Note: Personnel count includes full time and regular part-time positions. Temporary and seasonal employees are not included.

CITY OF LAKE CHARLES, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
* Legal: request for legal action						239	199	90	51	96
Printing/communication										
* Number of mail pieces metered						67,550	72,701	130,336	175,019	100,651
Risk Management										
* Accident reports/investigations	523	452	607	595	626	544	632	443	377	415
* Claims	414	320	307	302	277	178	289	208	186	205
Finance/includes Water Business										
Checks issued	12,566	14,641	15,235	15,553	15,356	15,543	14,760	14,927	23,699	19,750
* Occupational licenses processed	4,473	4,415	4,391	4,177	4,048	4,169	4,268	4,300	3,341	3,353
Purchase orders processed	3,943	3,990	3,589	4,064	3,738	3,290	2,881	2,785	2,800	2,825
Water: number of customers	28,611	27,605	26,889	28,422	28,147	28,124	28,886	28,775	28,926	29,704
Water: Average daily consumption (millions of gallons per day)	11.04	12.87	11.35	9.53	10.79	9.33	8.87	9.05	9.03	8.65
Human Resources										
* Applications received	1,189	1,108	926	725	711	961	1,000	1,327	1,250	1,328
* New hires	328	368	374	436	483	462	425	432	364	436
* Employee Health Fair Participation	NA	295	250	238	268	285	300	320	325	375
Public safety										
* Fire: Calls for service	2,107	2,826	2,755	2,503	2,571	2,588	2,790	2,863	2,768	2,807
* Fire: Code inspections			4,671	3,194	2,775	3,594	4,465	7,305	4,000	7,386
Police: Calls for service	105,858	111,788	108,232	96,659	93,886	90,995	96,732	107,100	108,064	125,161
Public works										
Solid Waste										
* Tons garbage collected				29,320	26,324	26,320	25,814	24,515	23,951	25,018
* Tons incinerated				2,146	3,338	2,322	2,905	4,857	4,163	4,340
* Tons trash collected				18,869	10,682	9,583	7,930	5,957	6,208	6,212
* Streets: Work orders				960	647	1,289	1,863	2,708	1,234	1,370
* Transit: Bus riders				188,175	178,889	175,875	190,834	219,802	223,407	228,068
* Vehicle Maintenance: Work orders				5,815	3,530	4,291	5,867	5,689	5,841	5,877
* Waste water: Work orders				4,584	3,337	9,508	11,100	5,490	6,000	12,371
Planning and development										
Building permits issued	5,229	5,152	6,384	9,438	6,287	4,162	6,395	6,073	4,356	4,762
Community Development										
* Down Payment Assistance			9	21	22	17	22	15	24	17
* Rehab/Reconstruction			7	15	8	8	9	12	13	12
* Street Projects			2	6	6	3	0	1	2	2
Community Services										
Recreation and parks										
* Athletic teams						279	292	311	313	877
* Summer camp attendance				460	470	219	480	472	447	425
* Civic Center: Events				309	356	377	358	368	353	352
* Golf Course: Rounds of golf		40,019	39,498	34,221	32,969	36,464	23,852	31,900	30,318	36,317
Art Center/museum										
* Art exhibits					13	9	11	16	16	15
* Concerts/Events					43	35	100	119	25	24

Source: Various city departments

* Prior year statistics not available.

CITY OF LAKE CHARLES, LOUISIANA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Fire Stations in City limits	8	8	8	8	8	8	8	8	8	8
Fire Stations outside City limits							2	2	2	2
Police:										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Units	90	90	90	90	92	92	92	92	98	94
Public works										
Solid Waste/Recycling										
Collection trucks	24	24	22	33	32	30	34	32	23	23
Streets										
Streets (miles)	483	483	483	460	460	460	460	460	503	534
* Streetlights			9,229	9,285	9,285	9,285	9,285	9,285	14,000	10,000
* Traffic Signals			64	64	66	66	66	66	68	66
Transit										
* Public Buses	8	8	8	7	7	7	7	7	4	5
* Para-transit buses	2	2	2	2	2	4	4	4	2	2
Trolley	0	0	0	0	0	0	1	1	1	1
Waste water										
Sanitary sewers (miles)	600	600	600	600	600	600	600	600	600	600
Storm sewers (miles)	425	425	425	425	425	425	425	425	425	425
* Maximum daily treatment capacity (millions of gallons per day)					13.1	13.1	18	18	18	18
Water utility										
* Water mains (miles)			410	450	455	458	458	460	465	430
* Fire hydrants			2500	2800	2820	2850	2850	2900	2954	3000
* Maximum daily capacity (millions of gallons per day)			23	22	22	22	22	22	22	22
Community Services										
Recreation and parks										
Park acreage	453	256	256	256	256	466	466	466	465	502
Parks	34	34	34	34	34	34	34	34	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Spray parks	1	1	1	1	1	3	2	2	2	2
Tennis courts	6	6	6	6	17	17	17	17	15	11
Community Centers	13	12	12	12	12	12	12	12	12	13
Civic Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Art Center/museum	1	2	2	2	2	2	2	2	2	2

Source: Various city departments

* Prior year statistics not available.

**Total acreage changed from 456 to 256 in 2005 when the City gave the Multisports complex to Ward 3 Recreation district.

In 2009 the addition of Riverside Park increased total acreage to 466.

***One spray park donated to Ward 3 Recreation District.

CITY OF LAKE CHARLES, LOUISIANA

**OMB CIRCULAR A-133
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2013

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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05005.000 Audit 9/30/2013 1100.005 single audit report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor Randy Roach
and City Council
City of Lake Charles
Lake Charles, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements and have issued our report thereon dated March 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lake Charles, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lake Charles, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lake Charles, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Charles, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Buich
Lake Charles, Louisiana
March 26, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

Honorable Mayor Randy Roach
and City Council
City of Lake Charles
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2013. The City of Lake Charles, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Lake Charles, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lake Charles, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Lake Charles, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lake Charles, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Lake Charles, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana

March 26, 2014

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2013

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Department of Housing & Urban Development:	
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Louisiana Office of Community Development (pass thru agency):	
Community Development Block Grant-ARRA	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Community Development Block Grant-Disaster Recovery (Rita-Katrina)	14.228
Louisiana Department of Administration (pass thru agency):	
HUD/Emergency Shelter Grant	14.231
HUD/Emergency Shelter Grant	14.231
HUD/HOME Grant	14.239
HUD/HOME Grant	14.239
HUD/HOME Grant	14.239
HUD/HOME Grant	14.239
HUD/CHDOS	14.239
HUD/CHDOS	14.239
HUD/CHDOS	14.239
Federal Emergency Management Agency:	
Louisiana Department of Military Affairs (pass thru agency)	
Public Assistance Grant	83.544
Port Security Grant	97.056
Port Security Grant	97.056
Immigration and Customs Enforcement	97.000
Public Assistance Grant	97.036

Grant Number	Grant Period		Grant Receipts	Current Expenditures
	From	To		
B-03-MC-22-0004	10/1/12	9/30/13	\$ 1,500	\$ 1,500
B-07-MC-22-0004	10/1/12	9/30/13	20,000	20,000
B-08-MC-22-0004	10/1/12	9/30/13	1,095	1,095
B-09-MC-22-0004	10/1/12	9/30/13	1,657	1,657
B-10-MC-22-0004	10/1/12	9/30/13	73,247	73,247
B-11-MC-22-0004	10/1/12	9/30/13	176,049	176,049
B-12-MC-22-0004	10/1/12	9/30/13	83,794	83,794
B-10-MC-22-0004	10/1/12	9/30/13	442,260	442,260
B-11-MC-22-0004	10/1/12	9/30/13	283,092	283,092
69PARA1301, 1302, 1303, 1304	10/1/12	9/30/13	8,181	8,181
69PARA2301	10/1/12	9/30/13	68,384	68,384
10PARA3212	10/1/12	9/30/13	122,412	122,412
10PARA3205	10/1/12	9/30/13	100,991	100,991
ILTR-00055	10/1/12	9/30/13	1,066,857	1,066,857
702562	10/1/12	9/30/13	37,682	37,682
716642	10/1/12	9/30/13	7,789	7,789
B-06-MC-22-0004	10/1/12	9/30/13	12,329	12,329
B-08-MC-22-0004	10/1/12	9/30/13	18,119	18,119
B-10-MC-22-0004	10/1/12	9/30/13	280,010	280,010
B-11-MC-22-0004	10/1/12	9/30/13	94,391	94,391
B-10-MC-22-0004	10/1/12	9/30/13	42,023	42,023
B-11-MC-22-0004	10/1/12	9/30/13	47,132	47,132
B-12-MC-22-0004	10/1/12	9/30/13	2,780	2,780
FEMA 1607-DR-LA	10/1/12	9/30/13	6,086	7,721
2010-PU-TO-K048	10/1/12	9/30/13	522,781	522,781
GS-07F-0011J	10/1/12	9/30/13	93,667	93,667
113NO1480	10/1/12	9/30/13	1,274	1,274
FEMA 1792-DR-LA	10/1/12	9/30/13	778	-

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2013
(Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Department of Transportation:	
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Highway Administration	20.000
Department of Environmental Quality:	
Clean Water State Revolving Loan Fund	66.458
Environmental Protection Agency:	
Brownfields Hazard Assessment	66.818
Special Appropriation Act Project	66.202
Department of Agriculture:	
<i>Louisiana Department of Education (pass thru agency):</i>	
Child Nutrition Summer Food Program	10.559
Treasury Department:	
Equitable Sharing Program	16.922
Department of Justice:	
Justice Assistance Grant (Sheriff's Office)	16.738
Justice Assistance Grant (Sheriff's Office)	16.607
COPS	16.710
HIDTA (Sheriff's Office)	95.001
US Marshal Service	16.111
Louisiana Commission on Law Enforcement (pass-thru agency):	
Anti-Gang Initiative	16.609
Louisiana Highway Safety Commission (pass thru agency):	
Highway Safety	20.600

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
LA-900-384	10/1/12	9/30/13	864,472	864,472
LA-900-390	10/1/12	9/30/13	320,376	320,376
LA-960-005	10/1/12	9/30/13	412,734	412,734
LA-04002400	10/1/12	9/30/13	14,680	14,680
LA-900-325	10/1/12	9/30/13	1,235	1,235
LA-900-368	10/1/12	9/30/13	2,359	2,359
LA-900-384	10/1/12	9/30/13	12,255	12,255
FAP No. DE-1006(516)	10/1/12	9/30/13	19,154	19,154
CS221215-01	10/1/12	9/30/13	833,344	833,344
BF-96693901	10/1/12	9/30/13	75,152	75,152
00F59101	10/1/12	9/30/13	291,000	291,000
7CFR Part 25.7	10/1/12	9/30/13	549,836	521,071
LA0100200	10/1/12	9/30/13	68,021	67,222
2012-DJ-BX-0480	10/1/12	9/30/13	28,988	28,988
2011 BPV	10/1/12	9/30/13	318	318
2010UMWX0127	10/1/12	9/30/13	81,628	81,628
G13GC0001A	10/1/12	9/30/13	62,764	62,764
JLEOTFS425302	10/1/12	9/30/13	14,650	14,650
F11-8-001	10/1/12	9/30/13	18,973	18,973
PN2012-30-39	10/1/12	9/30/13	91,545	91,545

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2013
(Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Volunteer Louisiana Commission/Dept of Treasury:	
Americorps 2012-2013 Grant (0929)	94.006
Americorps 2013-2014 Grant (0930)	94.006
Volunteer Generation Fund	94.021
Program Development & Technical Assistance	94.009
Total Federal Assistance	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
12AFHLA0010002	10/1/12	9/30/13	107,751	107,751
12AFHLA0010002	10/1/12	9/30/13	9,752	9,752
11VG129683010	10/1/12	9/30/13	4,345	4,345
11PTHLA001	10/1/12	9/30/13	931	931
			<u>\$ 7,502,623</u>	<u>\$ 7,473,916</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2013

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and *OMB Circular A-133*.

Summary of significant accounting policies:

The above Schedule of Expenditures of Federal Awards has been prepared on the full accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note B. Disbursements

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report (CAFR). However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the City's detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

Note C. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. OMB Circular A-133 stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of

each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note D. Major Federal Awards Program

The City's major federal awards programs for the year ended September 30, 2013 were determined based on program activity. The City's major programs for the year ended September 30, 2013 were all federally assisted high risk "Type A" programs for which activity was greater than or equal to \$300,000 during the year ended September 30, 2013.

Note E. Department of Environmental Quality Loan

The Department of Environmental Quality (DEQ) Loan is a loan program through which the State of Louisiana receives federal money to then loan to municipalities to improve water treatment. The City of Lake Charles is receiving money from the State under the loan program. The City of Lake Charles entered into the loan agreement on June 23, 2011 for an amount not to exceed \$21,000,000. The DEQ loan disburses funds to the City of Lake Charles after the expenditure is made. Interest of .45% per annum on the outstanding balance is paid semi-annually. At September 30, 2013, the principal balance is \$5,015,612.

Note F. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through March 26, 2014, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness identified? ☐ Yes ☒ No
Significant deficiency identified not
Considered to be material weakness? ☐ Yes ☒ None reported
Noncompliance material to financial statements
noted ☐ Yes ☒ No

Federal Awards

Internal control over major programs:
Material weakness identified? ☐ Yes ☒ No
Significant deficiency identified not
Considered to be material weakness? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510(a)? ☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.559	Child Nutrition Summer Food Program
14.218	Community Development Block Grant
14.228	Community Development Block Grant Disaster Recovery
14.239	Housing and Urban Development HOME Grant
20.507	Federal Transit Administration
66.458	Clean Water State Revolving Loan Fund
97.056	Port Security Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2013

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2013
(Continued)

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended September 30, 2013

No findings to report